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Thursday
October 30, 1986

Briefings on How To Use the Federal Register—
For information on briefings in Washington, DC, New York, NY, and Pittsburgh, PA, see announcement on the inside cover of this issue.

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How To Cite This Publication: Use the volume number and the page number. Example: 51 FR 12345.

THE FEDERAL REGISTER
WHAT IT IS AND HOW TO USE IT

FOR: Any person who uses the Federal Register and Code of Federal Regulations.

WHO: The Office of the Federal Register.

WHAT: Free public briefings (approximately 2 1/2 hours) to present:

1. The regulatory process, with a focus on the Federal Register system and the public's role in the development of regulations.
2. The relationship between the Federal Register and Code of Federal Regulations.
3. The important elements of typical Federal Register documents.
4. An introduction to the finding aids of the FR/CFR system.

WHY: To provide the public with access to information necessary to research Federal agency regulations which directly affect them. There will be no discussion of specific agency regulations.

WASHINGTON, DC

WHEN: November 18 at 9:30 a.m.

WHERE: National Archives Theater, 8th and Pennsylvania Avenue NW., Washington, DC

RESERVATIONS: Laurice Clark, 202-523-3419.

NEW YORK, NY

WHEN: December 5 at 10:00 a.m.

WHERE: Room 305A, 26 Federal Plaza, New York, NY

RESERVATIONS: Arlene Shapiro or Stephen Colon, New York Federal Information Center, 212-264-4810.

PITTSBURGH, PA

WHEN: December 8 at 1:30 p.m.

WHERE: Room 2212, William S. Moorehead Federal Building, 1000 Liberty Avenue, Pittsburgh, PA

RESERVATIONS: Kenneth Jones or Lydia Shaw
Pittsburgh: 412-644-INFO
Philadelphia: 215-597-1707, 1709

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Reader Aids
Additional information, including a list of public laws, telephone numbers, and finding aids, appears in the Reader Aids section at the end of this issue.

CFR PARTS AFFECTED IN THIS ISSUE

A cumulative list of the parts affected this month can be found in the Reader Aids section at the end of this issue.

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Presidential Documents

Title 3—

The President

Presidential Determination No. 87–1 of October 17, 1986

FY 1987 Refugee Ceilings

Memorandum for the Honorable Jonathan Moore, United States Coordinator for Refugee Affairs

In accordance with the relevant statutes and after appropriate consultations with the Congress, I have determined that:

• The admission of up to 70,000 refugees to the United States during FY 1987 is justified by humanitarian concerns or is otherwise in the national interest.

• The 70,000 worldwide admissions ceiling shall be allocated among the regions of the world as follows: 32,000 for first asylum from East Asia and 8,500 for the East Asian Orderly Departure Program; 10,000 for Eastern Europe and the Soviet Union; 8,000 for the Near East and South Asia; 3,500 for Africa; and 4,000 for Latin America and the Caribbean. An additional 4,000 numbers shall be held as an unallocated reserve for contingent refugee admissions needs.

• The Congress shall be notified in advance if there is a need to use numbers from the unallocated reserve. The admission of refugees using numbers from this reserve shall be contingent upon the availability of private sector funding sufficient to cover the essential and reasonable costs of such admissions.

• An additional 5,000 refugee admissions numbers shall be made available for the adjustment to permanent resident status of aliens who have been granted asylum in the United States, as this is justified by humanitarian concerns or is otherwise in the national interest.

In accordance with provisions of the Immigration and Nationality Act and after appropriate consultations with the Congress, I specify that special circumstances exist such that, for the purposes of admission under the limits established above, the following persons, if they otherwise qualify for admission, may be considered refugees of special humanitarian concern to the United States even though they are still within their countries of nationality or habitual residence.

• Persons in Vietnam with past or present ties to the United States, including Amerasian children; and

• Present and former political prisoners, and persons in imminent danger of loss of life, and their family members, in countries of Latin America and the Caribbean.

This determination shall be transmitted to the Congress immediately and shall be published in the Federal Register.

Ronald Reagan

THE WHITE HOUSE,
Washington, October 17, 1986.

cc: The Secretary of State
The Attorney General
The Secretary of Health and Human Services

[FR Doc. 86-24647
Filed 10-28-86; 12:34 pm]
Billing code 3195-01-M

Presidential Documents

Memorandum of October 27, 1986

Determination Under Section 301 of the Trade Act of 1974

Memorandum for the United States Trade Representative

Under Section 301 of the Trade Act of 1974, as amended (19 U.S.C. 2411), I have determined that acts, policies, and practices by the authorities on Taiwan regarding the distribution and sale of U.S. beer, wine, and tobacco products are unjustifiable, unreasonable, or discriminatory and burden or restrict United States commerce. Under Section 301 of the Trade Act, I have decided to take proportional countermeasures against Taiwan so long as it continues these practices. I direct you as the Trade Representative to propose appropriate and feasible actions.

Reasons for Determination

In October 1985, the authorities on Taiwan agreed to provide greater access to their beer, wine, and tobacco products market for U.S. exports within six to twelve months. Specifically they agreed to: (1) lift the import ban on beer, (2) allow U.S. products to be sold at all retail outlets where Taiwanese products were sold, (3) permit the retail prices of imports to be marked up at no greater rate than the prices for domestic products, and (4) allow market forces to determine the importation of these products.

A year has passed and Taiwan has not honored its agreement. For example, it still bans the importation of beer, allows the retail price of beer, wine, and tobacco imports to be marked up at a higher rate than the retail price of domestic products (thereby increasing the price differential between domestic and imported products), and does not allow imported products to be sold at all the retail outlets where competing domestic products are sold.

These practices are unjustifiable, unreasonable, or discriminatory and burden or restrict United States commerce because they reduce our exports to Taiwan of beer, wine, and tobacco in favor of domestic products. Proportional countermeasures should be specifically proposed by you as Trade Representative in order to obtain the elimination of such practices.

This determination shall be published in the **Federal Register.**

Ronald Reagan

THE WHITE HOUSE,
Washington, October 27, 1986.

[FR Doc. 86-24757
Filed 10-29-86; 11:09 am]
Billing code 3195-01-M

Rules and Regulations

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DEPARTMENT OF THE TREASURY

Comptroller of the Currency

12 CFR Part 32

[Docket No. 86-19]

Lending Limits

AGENCY: Office of the Comptroller of the Currency, Treasury.

ACTION: Final rule.

SUMMARY: The Office of the Comptroller of the Currency ("Office") is adopting as a final rule the temporary amendment to 12 CFR Part 32, published April 23, 1986 (51 FR 15303). The temporary rule created a substitute lending limit for national banks with charged-off agricultural and oil and gas loans. In this final rule, the Office is adopting the provisions of the temporary rule as originally promulgated. This final rule provides lending limit relief to national banks suffering reductions in capital as a result of problems in the agricultural and oil and gas sectors of the economy. Additionally, several minor technical changes from the temporary rule are included.

EFFECTIVE DATE: October 30, 1986.

FOR FURTHER INFORMATION CONTACT: Rosemarie Oda, Senior Attorney, Linda Gottfried, Senior Attorney, Legal Advisory Services Division, (202) 447-1880; Robert L. Ramsey, National Bank Examiner, Commercial Activities Division, (202) 447-1164.

ADDRESS: Office of the Comptroller of the Currency, 490 L'Enfant Plaza East SW., Washington, DC 20219.

SUPPLEMENTARY INFORMATION:

Background

On April 23, 1986, the Office of the Comptroller of the Currency published a temporary rule governing national bank lending limits (51 FR 15303). Although the temporary rule was effective on March 28, 1986, the Office requested comments pending implementation of the final rule. Designed in accordance with the aims of the Office's "Capital Forbearance Policies" for agricultural and oil and gas banks (*see*, 51 FR 15305 (1986), the temporary rule created a substitute lending limit for national banks with charged-off agricultural and oil and gas loans. The substitute lending limit was intended to provide temporary relief from lending restrictions to national banks suffering reductions in capital as a result of problems in the agricultural and oil and gas sectors of the economy.

Comments

The Office received one comment letter on the temporary rule. The commenter, a national trade association, commended the actions taken by the Office in this area and agreed that the problems prompting the Office to take these measures were the product of economic situations confronting the affected segments of the economy and were not necessarily inherent problems with the banks themselves.

In addition, the commenter made three suggestions which, in its view, would enhance the applicability of the lending limit revision along with other aspects of the capital forbearance program. The commenter suggested that the maximum substitute lending limit be made adjustable to recognize specific economic situations affecting banks with agricultural and oil and gas lending activity and that flexibility be provided in determining the beginning date for including loans in the special category loan charge-off definition, as set forth in the temporary rule, to calculate the substitute lending limit. It was also suggested that the definition of "agricultural loans" be expanded to include loans financing related activities, such as agricultural suppliers.

The Office has considered these suggestions carefully but has decided that, at the present time, the rule should remain as originally promulgated. In the Office's view, the substitute lending limit formula provided by the temporary rule balances safety and soundness considerations, by maintaining risk diversification, with the legitimate concerns national banks have to provide appropriate lending services to customers.

With respect to the suggestion regarding flexibility on the beginning date for special category loan charge-offs, the Office points out that the selection of any date will foreclose the benefits of this rule to some banks. The Office views the date provided in the temporary rule as appropriate since it represents the beginning of the calendar quarter in which the problems in the agricultural and oil and gas sectors of the economy became an emergency. The Office also points out that its capital forbearance policy was implemented to encourage banks that were previously reluctant to recognize their problems relating to agricultural and oil and gas loans to address them.

Finally, the Office has decided not to expand the agricultural loan definition to include agriculturally related loans. The definition of agricultural loans is consistent with the overall capital forbearance policy of the three federal banking agencies. Furthermore, at the time, no need for the expansion has been demonstrated. Such expansion will, however, be considered subsequently if deemed appropriate. In this regard, the comment specifically addressed timber loans; it should be noted that loans financing forestry, which includes the timber industry, are presently considered agricultural loans for reporting purposes.

Office Action

The Office has determined that the provisions in the temporary rule provide adequate relief from lending limit problems caused by difficulties in the agricultural and oil and gas sectors of the economy. For example, a bank can lose 25% of its capital and still retain its December 31, 1985 lending limit. In addition, a national bank experiencing a reduction in capital in 1986 and having any agricultural or oil and gas charge-offs in 1986 will receive lending limit relief. Finally, the lending limit relief extends to all new loans made by national banks—not just agricultural and oil and gas loans.

Reference should be made to the preamble to the temporary rule for further information and explanation of this final rule. In addition, the Office is including, as Exhibit A, the worksheet, "General Lending Limitation Calculations," which was provided with the temporary rule, in order to assist

national banks in their lending limit calculations.

The Office is adopting this final rule immediately because it makes no substantive changes in the provisions of the temporary rule. The Office, notes, however, that several minor technical changes have been made.

Regulatory Flexibility Act

Pursuant to section 605(b) of the Regulatory Flexibility Act (Pub. L. 96–354, 94 Stat. 1164, 5 U.S.C. 601–602), it is certified that this final rule will not have a significant economic impact on a substantial number of small entities. The effect of this final rule is beneficial rather than adverse, and small entities are generally expected to benefit more than larger institutions.

Executive Order 12291

The Office has determined that this regulation does not constitute a "major rule" and, therefore, does not require a regulatory impact analysis. This final rule eases the lending limits for some national banks and would have no adverse effect on the operations of national banks.

List of Subjects in 12 CFR Part 32

National banks, Lending limits.

Exhibit A.—General Lending Limitation Calculations

[For use January 1, 1993]

Calculation date _____

1. Total capital on December 31, 1985. $_____
2. 15% of the amount on Line 1. $_____
3. Total capital on calculation date. $_____
4. 15% of the amount on Line 3. $_____

IF THE AMOUNT ON LINE 4 EQUALS OR EXCEEDS THE AMOUNT ON LINE 2, STOP HERE. THE BANK'S CURRENT GENERAL LENDING LIMITATION IS THE AMOUNT ON LINE 4.

5. Sum of Special Category Loan Charge-offs since, but not including, December 31, 1985 (but only through December 31, 1987). $_____
6. Sum of all recoveries since, but not including, December 31, 1985 on all loans included in Line 5. $_____
7. Amount on Line 5 minus amount on Line 6. $_____
8. Amount on Line 3 plus amount on Line 7. $_____
9. 15% of the amount on Line 8. $_____
10. 20% of the amount on Line 3. $_____
11. Lesser of the amounts on Line 9 and Line 10. $_____

Exhibit A.—General Lending Limitation Calculations—Continued

[For use January 1, 1993]

12. Lesser of the amounts on Line 2 and Line 11. $_____

THE BANK'S CURRENT GENERAL LENDING LIMITATION IS THE AMOUNT ON LINE 12.

For the reasons set forth in the preamble above and in the preamble accompanying the temporary rule, (51 FR 15303, April 23, 1986), Part 32 of Chapter I of Title 12, Code of Federal Regulations, is amended as set forth below.

PART 32—LENDING LIMITS

1. The authority citation for Part 32 continues to read as follows:

Authority: 12 U.S.C. 1 *et seq.*, 12 U.S.C. 84 and 12 U.S.C. 93a.

2. Section 32.8, which was added as a temporary rule at 51 FR 15303, April 23, 1986, is adopted as final with minor technical changes. As revised, § 32.8 reads as follows:

§ 32.8 Substitute lending limit for banks with agricultural or oil and gas loans.

(a) *Definitions.* For purposes of this section:

(1) "Agricultural loans" include loans or extensions of credit secured by farmland, loans to finance agricultural production and other loans to farmers reported in the bank's Report of Condition and Income (Call Report). The following are examples of such types of loans: for growing and storing of crops, breeding and marketing of livestock, financing fisheries, purchases of farm machinery and equipment, maintenance and operations of the farm, and discounted notes of farmers.

(2) "Oil and gas loans" include loans or extensions of credit to oil companies, petroleum refiners, and companies primarily engaged in the oil- and gas-related business, for example: operating oil and gas field properties, contract drilling, performing exploration services on a contract basis, performing oil and gas field services, manufacturing or leasing of oil field machinery and equipment, pipeline transportation of petroleum, natural gas transmission or distribution, and investing in oil and gas royalties or leases.

(3) "Special category loan charge-offs" mean agricultural or oil and gas loans charged-off during the period from January 1, 1986 through December 31, 1987, which have been or will be reported in a special memorandum item in the bank's Call Report in accordance with the Comptroller of the Currency's capital forbearance policy.

(b) A national bank which has special category loan charge-offs resulting in a reduction in its unimpaired capital and unimpaired surplus since December 31, 1985, may substitute a lending limit calculated under this section for the general limitation provided at 12 U.S.C. 84(a)(1), up to a maximum amount of 20 percent of unimpaired capital and unimpaired surplus, until January 1, 1993.

(c) The substitute lending limit in paragraph (b) of this section is the lesser of the following amounts:

(1) 15 percent of unimpaired capital and unimpaired surplus on December 31, 1985; or

(2) 15 percent of the total of:

(i) The difference between the sum of special category loan charge-offs and the sum of recoveries on those charge-offs; plus

(ii) Unimpaired capital and unimpaired surplus; or

(3) 20 percent of unimpaired capital and unimpaired surplus.

Dated: August 28, 1986.

Robert L. Clarke,

Comptroller of the Currency.

John Ference,

Alternate Federal Register Liaison Officer.

[FR Doc. 86–24501 Filed 10–29–86; 8:45 am]

BILLING CODE 4810-33-M

FEDERAL RESERVE SYSTEM

12 CFR Parts 207, 220, 221 and 224

Regulations G, T, U, and X; Securities Credit Transactions

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final Rule.

SUMMARY: The List of Marginable OTC Stocks is comprised of stocks traded over-the-counter (OTC) that have been determined by the Board of Governors of the Federal Reserve System to be subject to the margin requirements under certain Federal Reserve regulations. The List is published from time to time by the Board as a guide for lenders subject to the regulations and the general public. This document sets forth additions to or deletions from the previously published List effective August 12, 1986 and will serve to give notice to the public about the changed status of certain stocks.

EFFECTIVE DATE: November 11, 1986.

FOR FURTHER INFORMATION CONTACT: Peggy Wolffrum, Research Assistant,

Division of Banking Supervision and Regulation, (202)–452–2781, Earnestine Hill or Dorothea Thompson, Telecommunications Device for the Deaf (TDD) (202)–452–3544, Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION: Set forth below are stocks representing additions to or deletions from the Board's List of Marginable OTC Stocks. A copy of the complete List incorporating these additions and deletions was filed with the original of this document. This List supersedes the last complete List which was effective August 12, 1986 (51 FR 27518, August 1, 1986). The List includes those stocks that meet the criteria specified by the Board of Governors in Regulations G, T, U, and X (12 CFR 207, 220, 221 and 224, respectively). They have the degree of national investor interest, the depth and breadth of market, and the availability of information respecting the stock and its issuer. To warrant regulation in the same fashion as exchange traded securities. It also includes, as a result of an amendment to the margin regulations (49 FR 35756, September 12, 1984), any stock designated under an SEC rule as qualified for trading in a national market system (NMS Security). The List of Marginable OTC Stocks, as it is now called, is a composite of the List of OTC Margin Stocks and all NMS securities. Additional OTC securities may be designated as NMS securities in the interim between the Board's quarterly publications. They will become automatically marginable at broker-dealers upon the effective date of their designation. The names of these securities are available at the Board and the Securities and Exchange Commission and will be subsequently incorporated into the Board's next quarterly List. Copies of the current List may be obtained from any Federal Reserve Bank.

The requirements of 5 U.S.C. 553 with respect to notice and public participation were not followed in connection with the issuance of this amendment due to the objective character of the criteria for inclusion and continued inclusion on the List specified in 12 CFR §§ 207.6 (a) and (b), 220.17 (a) and (b), and 221.7 (a) and (b). No additional useful information would be gained by public participation. The full requirements of 5 U.S.C. 553 with respect to deferred effective date have not been followed in connection with the issuance of this amendment because the Board finds that it is in the public interest to facilitate investment and credit decisions based in whole or in part upon the composition of this List as soon as possible. The Board has responded to a request by the public and allowed a two-week delay before the List is effective.

List of Subjects

12 CFR Part 207

Banks, Banking, Credit, Federal Reserve System, Margin, Margin requirements, National Market System (NMS Security), Reporting and recordkeeping requirements, Securities.

12 CFR Part 220

Banks, Banking, Brokers, Credit, Federal Reserve System, Margin, Margin requirements, Investments, National Market System (NMS Security), Reporting and recordkeeping requirements, Securities.

12 CFR Part 221

Banks, Banking, Credit, Federal Reserve System, Margin, Margin requirements, Securities, National Market System (NMS Security), Reporting and recordkeeping requirements.

12 CFR Part 224

Banks, Banking, Borrowers, Credit, Federal Reserve System, Margin, Margin requirements, Reporting requirements, Securities.

Accordingly, pursuant to the authority of Sections 7 and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78g and 78w), and in accordance with § 207.2(k) and 6(c) of Regulation G, § 220.2(s) and 17(c) of Regulation T, and § 221.2(j) and 7(c) of Regulation U, there is set forth below a listing of deletions from and additions to the Board's List:

Deletions From List

Stocks Removed for Failing Continued Listing Requirements

Alamo Savings Association of Texas
$1.50 par capital
A M Cable TV Industries, Inc.
$.10 par common
Amerford International Corporation
$.05 par common
American Metals Service, Inc.
$.01 par common
Bancoklahoma Corporation
Series A, $2.50 convertible preferred
Barber-Greene Company
$5.00 par common
Birdfinder Corp.
$.01 par common
Birdview Satellite Communications, Inc.
$.01 par common
Brooks Satellite, Inc.
$.01 par common
Colonial Gas Company
$1.80 cumulative convertible preferred
Communications Corporation of America
$.01 par common
Computer Depot, Inc.
$.01 par common
Computercraft, Inc.
$.01 par common
D'Lites of America, Inc.
$.005 par common
Decom Systems, Inc.
Warrants (expire 09–30–86)
Divi Hotels, N.V.
Warrants (expire 03–17–88)
EMF Corporation
No par common
Eastmet Corporation
$1.00 par common
Endo-Lase, Inc.
$.01 par common
First Oklahoma Bancorporation, Inc.
$5.00 par common
Flakey Jake's, Inc.
$.01 par common
Forum Group, Inc.
Warrants (expire 08–10–86)
Founders Financial Corporation
$1.00 par common
Freedom Savings and Loan Association (Florida)
$1.00 par common
Henredon Furniture Industries, Inc.
$2.00 par common
Homecrafters Warehouse, Inc.
$.01 par common
Infotech Management, Inc.
$.01 par common
Insituform of North America, Inc.
Warrants (expire 08–26–86)
Magnetic Technologies Corporation
$.10 par common
Max & Erma's Restaurants, Inc.
$.10 par common
Naugles, Inc.
No par common Warrants (expire 04–30–89)
Novus Property Company
$1.00 par shares of beneficial interest
Offshore Logistics, Inc.
No par common
Prodigy Systems, Inc.
$.01 par common
Progressive Corporation, The (Ohio)
7% convertible subordinated debentures
Protocol Computers, Inc.
$.001 par common
Rand Information Systems, Inc.
$.30 par common
Scope Inc.
$1.00 par common
Tipperary Corporation
$.50 par common

Stocks Removed for Listing on a National Securities Exchange or Being Involved in an Acquisition

Ally & Gargano, Inc.

$1.00 par common
American National Holding Company
$5.00 par common
Applied Communications, Inc.
$.10 par common
Athens Federal Savings Bank
$1.00 par common
Bay Pacific Health Corporation
$.01 par common
BBDO International, Inc.
$.10 par common
Citizens Savings and Loan, F.A. (Virginia)
$1.00 par common
Comdata Network, Inc.
$.02 par common
Computer Associates International, Inc.
$.10 par common
Conseco, Inc.
No par common
Consolidated Capital Income Opportunity Trust
No par shares of beneficial interest
Warrants (expire 12–19–89)
Converse Inc.
$1.00 par common
DCNY Corporation
$1.00 par common
Divi Hotels, N.V.
$1.00 par common
Doxsee Food Corporation
$.10 par common
Eldon Industries, Inc.
$1.00 par common
Entertainment Marketing, Incorporated
$.01 par common
General Shale Products Corporation
No par common
Graco Inc.
$1.00 par common
Heritage Federal Savings and Loan Association (Florida)
$.01 par common
Idle Wild Foods, Inc.
$1.00 par common
Infrared Industries, Inc.
No par common
Intecom, Inc.
No par common
J.P. Industries, Inc.
$.10 par common
King World Productions, Inc.
$.01 par common
Monumental Corporation
$3.50 par common
One Liberty Properties, Inc.
$1.00 par common
Open Air Markets, Inc.
$.05 par common
Patriot Bancorporation
$3.33⅓ par common
$1.00 par cumulative convertible preferred
Power Conversion, Inc.
$.01 par common
PT Components, Inc.
$.01 par common
Quotron Systems, Inc.
$.10 par common
Rectisel Corporation
$.10 par common
Republic Health Corporation
$.05 par common
Stanhome Inc.
$1.00 par common
Thor Industries, Inc.
$.10 par common
Ultrasystems Inc.
No par common
Victory Markets Inc.
$.33⅓ par common
Warner Computer Systems, Inc.
$.01 par common
Weschester Financial Services Corporation
$.01 par common

Additions to the List

A.C. Teleconnect Corp.
$.015 par common
Acme Steel Company
$1.00 par common
Acuson Corporation
No par common
Adams-Russell, Electronics Company, Inc.
$.01 par common
Aero Services International, Inc.
No par convertible preferred
Aifs, Inc.
$.10 par common
Alliance Financial Corporation
$10.00 par common
Alloy Computer Products, Inc.
$.01 par common
Ambassador Financial Group, Inc.
$.01 par common
Amcore Financial, Inc.
$.50 par common
America West Airlines, Inc.
7.5% convertible subordinated debentures
American Capacity Group, Inc.
$1.00 par common
American Consumer Products, Inc.
$.10 par common
American Reliance Group, Inc.
$.01 par common
American Television & Communications Corporation
Class A, $.01 par common
American Woodmark Corporation
No par common
Amwest Insurance Group, Inc.
No par common
Andover Savings Bank (Massachusetts)
$.10 par common
Apollo Computer, Inc.
7¼% convertible subordinated debentures
Aritech Corp.
$1.00 par common
Armor All Products Corporation
$.01 par common
Associated Inns and Restaurants Company of America
$.01 par common
ATI Medical, Inc.
No par common
Atlantic Bancorporation (New Jersey)
$2.50 par common
Baldwin Piano and Organ Company
$.01 par common
Banking Center, The
$1.00 par common
Bio-Medicus, Inc.
Warrants (expire 8–31–88)
Bio-Technology General Corporation
$.01 par common
Bombay Palace Restaurants, Inc.
$.01 par common
Bonneville Pacific Corporation
$.01 par common
Boulevard Bancorp, Inc.
$.04 par common
Buffets, Inc.
$.01 par common
Businessland, Inc.
8% convertible subordinated debentures
CL Assets, Inc.
$1.00 par common
Calgene, Inc.
No par common
Cambridge Analytical Associates, Inc.
$.01 par common
Canonie Environmental Services Corp.
$.01 par common
Cellular Communications, Inc.
$.01 par common
Chips and Technologies, Inc.
$.01 par common
Cimco
$.01 par common
Citizens Insurance Company of America, Inc.
Class A, $1.00 par common
City Savings Bank of Meriden (Connecticut)
$1.00 par common
CJI Industries, Inc.
Class A, $1.00 par common
Clevite Industries, Inc.
$.02 par common
Warrants (expire 6–30–91)
Commercial Security Bancorporation
No par common
Commonwealth Mortgage Company, Inc.
$.10 par common
Community National Bank and Trust Company of New York
$.50 par common
Community Savings Bank (Massachusetts)
$.10 par common
C-Tec Corporation
Class B, $1.00 par common
Cytogen Corporation
$.01 par common
Datavision, Inc.
$.01 par common
Devon Group, Inc.
$.01 par common
Diagnostic, Inc.
$.01 par common
Dime Savings Bank of New York, F.S.B.

$1.00 par common
DNA Plant Technology Corporation
Warrants (expire 1–17–90)
Dominion Federal Savings and Loan Association (Virginia)
$.01 par common
Dotronix, Inc.
$.05 par common
Duratek Corporation
$.01 par common
Eagle Bancshares, Inc.
$1.00 par common
Ealing Corporation, The
$.10 par common
East Weymouth Savings Bank (Massachusetts)
$.01 par common
Edison Control, Inc.
$.01 par common
Excel Bancorp, Inc.
$.10 par common
F&M Financial Services Corporation
$1.00 par common
Federal National Mortgage Association
Warrants (expire 2–25–91)
FHP Corporation
$1.00 par common
Fidelcor, Inc.
Series B, convertible preferred
Fidelity Federal Savings and Loan Association of Tennessee
$1.00 par common
Financial National Bancshares, Inc.
No par common
First Banc Securities, Inc.
$5.00 par common
First Federal of the Carolinas, F.A.
$1.00 par common
First Fidelity Bancorporation (New Jersey)
Series C, $4.00 par cumulative convertible preferred
First Home Federal Savings and Loan Association (Florida)
$1.00 par common
First Service Bank for Savings (Massachusetts)
$.10 par common
Fiserv, Inc.
$.01 par common
Frontier Insurance Group, Inc.
$.01 par common
Gear, L.A., Inc.
No par common
General Parametrics Corporation
$.01 par common
Geonex Corporation
$.01 par common
Golden Poultry Company, Inc.
$1.00 par common
Granite Cooperative Bank (Massachusetts)
$.10 par common
Granite State Bankshares, Inc. (New Hampshire)
$1.00 par common
Great Falls Gas Company
$.15 par common
Hana Biologics, Inc.
$.01 par common
Harleysville Group, Inc.
$1.00 par common
Harnischfeger Corporation
Warrants (expire 04–15–89)
Harper International, Inc.
$.10 par common
Healthsouth Rehabilitation Corporation
$.01 par common
Heritage Entertainment, Inc.
Series A, warrants (expire 1989)
Hitachi, Ltd.
5¾% convertible subordinated debentures
Home Federal Savings and Loan Association of San Francisco
$1.00 par common
Home Federal Savings and Loan Association of Upper East Tennessee
$1.00 par common
Home Federal Savings Bank, Northern Ohio
$.01 par common
Home Intensive Care, Inc.
$.01 par common
$.01 par cumulative convertible preferred
Warrants (expire 02–29–89)
Horizon Bank (Washington)
$1.00 par common
Hygeia Sciences, Inc.
$.01 par common
IDB Communications Group, Inc.
$.01 par common
Independence Federal Savings Bank (Washington, DC)
$.10 par common
Insituform Southeast Corporation
$.44 par common
Interactive Technologies Inc.
No par common
Interchange State Bank (New Jersey)
$2.50 par common
International H.R.S. Industries, Inc.
No par common
Itel Corporation
Class B, Series A, $1.00 par convertible preferred
Class B, Series B, $1.00 par convertible preferred
Jiffy Lube International, Inc.
$.05 par common
Joule, Inc.
$.01 par common
Kenan Transport Company
No par common
Landmark Bank for Savings (Massachusetts)
$.10 par common
Lands' End, Inc.
$.01 par common
Lasertechnics, Inc.
$.01 par common
Laurel Entertainment, Inc.
$.001 par common
Lawrence Savings Bank (Massachusetts)
$.10 par common
Life Technologies, Inc.
$.01 par common
Lincoln Logs, Ltd.
$.01 par common
Linear Technology Corporation
No par common
Liposome Company, The
$.01 par common
Long Lake Energy Corporation
$.001 par common
Lowell Institution for Savings (Massachusetts)
$.10 par common
M.S. Carriers, Inc.
$.01 par common
M/I Schottenstein Homes, Inc.
$.01 par common
Mail Boxes, Etc.
No par common
Marten Transport Ltd.
$.01 par common
Martin Lawrence Limited Editions
$.001 par common
Warrants (expire 12–18–86)
Merchants Bank of Boston, a Co-Operative Bank
Class A, $1.00 par common
Meridian Diagnostics, Inc.
No par common
Merrill Corporation
$.01 par common
Microbilt Corporation
No par common
Microwave Laboratories, Inc.
$.01 par common
MidAmerica Bancsystem, Inc.
$1.00 par common
MLX Corp.
$.01 par common
MNX, Incorporated
$.10 par common
Molecular Biosystems, Inc.
$.01 par common
Morgan, Olmstead, Kennedy & Gardner Capital Corporation
$.01 par common
Mutual Federal Savings and Loan Association
$1.00 par common
National Royalty Corporation
$.01 par common
National Sanitary Supply Company
$1.00 par common
Nature's Sunshine Products, Inc.
No par common
New Century Productions Ltd.
$.001 par common
Series A, par convertible preferred
Series B, par convertible preferred
New England Critical Care, Incorporated
$.10 par common
New England Savings Bank
$1.00 par common
New York City Shoes, Inc.
$.01 par common
NFS Financial Corp.
$.01 par common
Nichols-Homeshield, Inc.

$.01 par common
Northwest Engineering Company
$.01 par common
Old Dominion Systems, Inc.
$.01 par common
OMI Corp.
$1.00 par convertible preferred
Oncogene Science, Inc.
$.01 par common
P & C Foods, Inc.
$.01 par common
Pacer Corporation
No par common
Pacific Southwest Airlines
$.25 par common
Paco Pharmaceutical Services, Inc.
Warrants (expire 12–31–87)
Palm Springs Savings Bank
$2.50 par common
Paris Business Forms, Inc.
$.004 par common
Pay 'N Save, Inc.
$1.00 par common
PC Quote, Inc.
No par common
Penn Savings Bank, F.S.B.
$1.00 par common
Perception Technology Corporation
$.10 par common
Peregrine Entertainment, Ltd.
No par common
Pioneer Financial Services, Inc.
$1.00 par common
Plexus Corp.
$.01 par common
Polymer International Corp.
$.01 par common
Premier Financial Services, Inc.
$5.00 par common
Prime Capital Corporation
$.05 par common
Pullman-Peabody Company
Warrants (expire 02–24–88)
Q-Med, Inc.
$.001 par common
Quincy Co-Operative Bank, The
(Massachusetts)
$.10 par common
Quipp, Inc.
$.01 par common
QVC Network, Inc.
$.01 par common
Republic American Corporation
$.01 par common
Republic Savings and Loan Association of Wisconsin
$.10 par common
Republic Savings Financial Corporation (Florida)
$.01 par common
Rheometrics, Inc.
No par common
Riverside Group, Inc.
$.10 par common
Roadrunner Enterprises, Inc.
No par common
San Francisco Federal Savings & Loan Association
$.01 par common
Sandusky Plastics, Inc.
$.10 par common
Sandwich Co-Operative Bank, The
(Massachusetts)
$1.00 par common
SCS/Compute, Inc.
$.10 par common
Sealright Co., Inc.
$.01 par common
Southlife Holding Company
$.05 par common
Spartan Motors, Inc.
No par common
Series A, warrants (expire 5–10–87)
Stanley Interiors Corporation
$.01 par common
Student Loan Marketing Association
Voting, $.50 par common
Suburban Bancorp, Inc.
Class A, $1.00 par common
Suffolk Bancorp
$5.00 par common
Summit Holding Corporation
$1.25 par common
Sun State Savings and Loan Association (Arizona)
$1.00 par common
Synbiotics Corporation
No par common
Syntro Corporation
$.01 par common
Taunton Savings Bank (Massachusetts)
$.10 par common
Tel/Man, Inc.
$.02 par common
Telesis Systems Corporation
$.10 par common
Texstyrene Corporation
$.01 par common
Thermo Instrument Systems, Inc.
$.10 par common
Thomson—CSF
American depository shares
Tipton Centers, Inc.
$.10 par common
Trans World Airlines, Inc.
$6.00 par convertible preferred
Transnational Industries, Inc.
$.01 par common
Transworld Music Corporation
$.01 par common
Twistee Treat Corporation
$.001 par common
Video Library, Inc.
No par common
Vista Organization Partnership, L.P., The
Depository units of limited partnership interest
Waltham Savings Bank (Massachusetts)
$.10 par common
Watts Industries, Inc.
Class A, $.10 par common
Wearever-Protosilex
$.01 par common
Webb, Del E., Corporation
Warrants (expire 4–15–88)
Westcorp
$1.00 par common
Westwood Group, Inc., The
$.01 par common
Woburn Five Cents Savings Bank (Massachusetts)
$.10 par common
Worchester County Institution for Savings
$.10 par common
X-Rite, Inc.
$.10 par common
Zeus Components, Inc.
$.01 par common

By order of the Board of Governors of the Federal Reserve System acting by its Director of the Division of Banking Supervision and Regulation pursuant to delegated authority (12 CFR section 265.2(c)(18)), October 24, 1986.

William W. Wiles,

Secretary of the Board.

[FR Doc. 86–24518 Filed 10–29–86; 8:45 am]

BILLING CODE 6210–01–M

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12 CFR Part 227

[Reg. AA]

Unfair or Deceptive Acts or Practices; Update of Staff Guidelines on the Credit Practices Rule

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Update of staff guidelines on the Credit Practices Rule.

SUMMARY: The Board is publishing an update to the staff guidelines on the Credit Practices Rule, Subpart B of Regulation AA (Unfair or Deceptive Acts or Practices). The rule prohibits banks from using certain creditor remedies in connection with a consumer credit obligation, from using a late charge practice commonly referred to as pyramiding, and from obligating a cosigner prior to providing a required notice explaining the cosigner's obligations.

EFFECTIVE DATE: November 1, 1986.

FOR FURTHER INFORMATION CONTACT: Adrienne D. Hurt, Susan J. Kraeger, or Heather Hansche, Staff Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, DC 20551 at (202) 452–3867 or (202) 452 2412; or Earnestine Hill or Dorothea Thompson, Telecommunications Device for the Deaf (TDD) at 9202) 452–3544.

SUPPLEMENTARY INFORMATION:

(1) Background

On March 1, 1984, the Federal Trade Commission (FTC) adopted its Credit Practices Rule, effective March 1, 1985, pursuant to the authority granted the FTC under Sections 18(a)(1)(B) and

5(a)(1) of the Federal Trade Commission Act (FTC Act), 15 U.S.C. 57a(a)(1)(B) and 15 U.S.C. 45(a)(1). Under this statute the FCT is authorized to promulgate rules that define and prevent "unfair or deceptive acts or practices" in or affecting commerce with respect to extensions of credit to consumers. Section 18(f) of the FTC Act, 15 U.S.C. 57a(f), provides that, whenever the FTC promulgates a rule prohibiting acts or practices which it has deemed to be unfair or deceptive, the Board of Governors of the Federal Reserve System must adopt a substantially similar rule prohibiting such acts or practices by banks. The Board must adopt a rule within 60 days of the effective date of the FTC's rule unless the Board finds that such acts or practices by banks are not unfair or deceptive, or that the adoption of similar regulations for banks would seriously conflict with essential monetary and payments systems policies of the Board.

In April 1985, the Board adopted a rule substantially similar to the FTC's Credit Practices Rule (50 FR 16695), thereby amending the Board's Regulation AA, Unfair or Deceptive Acts or Practices (12 CFR Part 227). The Board modified certain provisions of the FTC's rule in order to take into account the needs and characteristics of the banking industry. The Board's rule went into effect on January 1, 1986.

(2) Summary of the Rule

The Board's rule applies to all consumer credit obligations other than those for the purchase of real property. It prohibits banks from using certain remedies to enforce consumer credit obligations. Under the rule, banks may not include these remedies in their consumer credit obligations, and if banks purchase obligations that contain a prohibited provision(s), banks are prohibited from enforcing the provision(s). The prohibited provisions are: (1) Confessions of judgment; (2) waivers of exemption; (3) wage assignments; and (4) nonpossessory, nonpurchase money security interests in household goods. In addition, the rule prohibits a certain late charge practice, and provides protections for cosigners in consumer credit transactions.

The Board's rule applies to all banks and their subsidiaries. Institutions that are members of the Federal Home Loan Bank System and nonbank subsidiaries of bank holding companies are covered by the rules of the Federal Home Loan Bank Board and the FTC, respectively.

(3) Staff Guidelines

Staff guidelines on the Board's Credit Practices Rule were issued in November 1985 (50 FR 47036). The staff guidelines are in question and answer format. The questions are identified by hyphenated numbers. The first part of the number indicates the regulatory section; the second part, the sequential order of a particular question within that section. For example, 13(d)–1 indicates the first question in § 227.13(d). Headings are included to make it easier for users to locate questions.

The guidelines focus on material of general application that will be useful to most banks, and are expected to be the vehicle for answering questions about the rule. The guidelines will be updated annually, as necessary. This first update addresses new questions that have arisen under the rule and amends certain questions and answers that were issued in November 1985.

(4) Explanation of Revisions to Guidelines

Following is a brief description of the revisions to the staff guidelines on the Board's Credit Practices Rule:

Introduction

The last sentence of the scope and enforcement section has been changed to accurately reflect that the Federal Deposit Insurance Corporation has enforcement responsibility under the Credit Practices Rule for *insured* state-chartered banks that are not members of the Federal Reserve System.

Section 227.11 Authority, purpose, and scope.

Question 11(c)–2 has been added to this section.

Section 227.12 Definitions.

Questions 12(a)-10, 12(a)-11, 12(b)-1a, and 12(b)-1b have been added to this section.

Section 227.13 Unfair credit contact provisions.

Question 13–4, 13–5, 13(b)-3, 13(c)-5, and 13(d)-10 have been added to this section. Question 13–3 had been revised to address the application of § 227.13 to a renewal (as well as a refinancing) of a credit obligation entered into prior to the effective date of the rule. Language has been added to Q13(d)-5 to explain that with regard to subsequent refinancings of a purchase money loan transaction secured by household goods in which additional funds are obtained, while the rule does not require a bank to release a proportionate amount of the security interest taken in the household goods as the loan amount decreases, certain state laws (for example, in those states that have adopted the Uniform Consumer Credit Code) may impose such a requirement. Editorial changes were also made to Q13(d)-5 with no change in substance intended.

Section 227.14 Unfair or deceptive practices involving cosigners.

Question 14(b)-13a has been added to this section. A technical amendment was made in Q14–1 to accurately reflect the provision of the rule cited in the first sentence of the answer.

The answer to Q14(b)-13 on continuing guaranties has been revised to make it clear that where a cosigner executes a continuing guaranty, a bank should modify the cosigner notice to accurately reflect the extent of the guarantor's obligation. If, for example, the guaranty applies to all future debts, the first sentence should indicate that the cosigner is being asked to guarantee not only that loan, but also the future debts of the borrower (up to a certain date or amount, as appropriate).

The answer to Q14(b)-14 has been revised to make it clear that if a cosigner is obligated under a consumer credit agreement for refinancings as well as renewals of an obligation, a bank is not required to give a cosigner notice upon each renewal or refinancing (since the cosigner is already obligated), even if the cosigner is required to execute a new note for each renewal or refinancing.

Section 227.15 Unfair late charges.

Question 15–5a has been added to this section. Question 15–2 has been revised to address partial payments as well as skipped payments; skipped payments and partial payments are treated the same way under § 227.15.

List of Subjects in 12 CFR Part 227

Banks, Banking, Consumer protection, Credit, Federal Reserve System, Finance.

(5) Text of revisions

The revisions to the staff guidelines on the Credit Practices Rule read as follows:

Introduction

* * * * *

3. *Scope; enforcement.* The Board's rule applies to all banks and their subsidiaries. Institutions that are members of the Federal Home Loan Bank System and nonbank subsidiaries of bank holding companies are covered by the rules of the Federal Home Loan Bank Board and the FTC, respectively.

The Board has enforcement responsibility for state-chartered banks that are members of the Federal Reserve System. The Office of the Comptroller of the Currency has enforcement

responsibility for national banks. The Federal Deposit Insurance Corporation has enforcement responsibility for insured state-chartered banks that are not members of the Federal Reserve System.

* * * * *

Section 227.11 Authority, Purpose, and Scope.

* * * * *

Q11(c)–2: *Industrial loan companies.* Are industrial loan companies subject to the Board's rule?

A: Industrial loan companies that are insured by the Federal Deposit Insurance Corporation are covered by the Board's rule.

Section 227.12 Definitions.

12(a) "Consumer"

* * * * *

Q12(a)–10: *Lease transactions.* Are consumer lease transactions covered by the rule?

A: The rule covers only consumer credit obligations. A lease transaction would be covered by the rule only if the transaction is a credit sale as defined in Regulation Z.

Q12(a)–11: *Trusts.* Are extensions of credit made to a consumer through a trust covered by the rule?

A: Yes, such extensions of credit are covered by the rule, unless the credit is being extended through a nonprofit trust (as the rule does not apply to nonprofit organizations).

12(b) "Cosigner"

* * * * *

Q12(b)–1a: *Business entities as cosigners.* If a partnership or a corporation cosigns a consumer credit obligation, is such an entity a cosigner for purposes of the rule? Must the bank provide a cosigner notice?

A: No, the rule applies only to natural persons who are cosigners. Consequently, the rule does not require a bank to provide a cosigner notice when a partnership, corporation, or other business entity serves as a cosigner on a consumer credit obligation.

Q12(b)–1b: *Dealer guarantee.* Where a bank and an automobile dealer, for example, enter into an agreement whereby the bank purchases a consumer credit obligation from the dealer and the dealer guarantees the obligation, must the bank provide a cosigner notice to the dealer?

A: No, the rule is not intended to apply in such recourse agreement situations where the bank is purchasing dealer paper.

* * * * *

Section 227.13 Unfair Credit Contract Provisions.

* * * * *

Q13–3: *Refinancings and renewals—original credit obligation entered into prior to effective date of rule.* Assume that a bank entered into a credit obligation prior to the effective date of the rule and that the credit obligation contained a provision ultimately prohibited by the rule. Assume further that the credit obligation is refinanced after the effective date of the rule. May the refinanced obligation contain the prohibited provision, or is the refinancing subject to the rule? Does the same hold true or renewals of the original credit obligation?

A: There is no distinction in the treatment of renewals and refinancings for purposes of the rule. A refinancing or renewal entered into after the effective date of the rule is subject to the rule and, therefore, may not contain a contract provision prohibited by the rule.

Q13–4: *Open-end account—future advances made under the plan.* If a bank entered into an open-end credit obligation with a consumer prior to the effective date of the rule and that agreement contained contract provisions ultimately prohibited by the rule, may the bank enforce those contract provisions as to future advances made under the plan after January 1, 1986?

A: Yes, contract provisions ultimately prohibited by the rule can be enforced in such a situation since the advances are being made as part of an open-end agreement that was entered into before the effective date of the rule, and the rule is not intended to have retroactive effect. (See, however, Q15–8.)

Q13–5: *Prohibited provisions in cosigner agreement.* May a bank include any of the provisions prohibited by the rule in the documents obligating a cosigner on a consumer credit obligation (for example, in a guaranty agreement)?

A: A bank may not include any of the prohibited provisions in the documents obligating a cosigner. The agreement between the bank and the cosigner, even if executed separately, is part of the consumer credit obligation and is therefore subject to the rule's prohibitions.

13(a) Confession of Judgment

* * * * *

13(b) Waiver of Exemption

* * * * *

Q13(b)–3: *Language of contract provision limiting applicability of waiver.* If a bank's consumer credit contracts contain a clause that states "I waive my state property exemption to the extent the law allows," would such a clause be permitted under the rule?

A: No, in spite of the limiting language "to the extent the law allows," the clause is an overly broad waiver and, therefore, would be prohibited by the rule. A clause in a consumer credit contract providing that the consumer waives an exemption "as to property that secures this loan," for example, would be a permissible waiver of exemption provision under the rule.

13(c) Assignment of Wages

* * * * *

Q13(c)–5: *Offer of a commission as security.* Is the rule's prohibition against a bank's taking an assignment of a consumer's future wages violated if a bank takes as security for a loan a consumer's commission (for example, a real estate agent's commission) that has been earned but not yet received by the consumer?

A: No, this would not be a prohibited wage assignment since the consumer's commission has already been earned at the time of the assignment; the fact that it has not yet been received by the consumer does not affect its treatment under the rule.

* * * * *

13(d) Security Interest in Household Goods

* * * * *

Q13(d)–5: *Refinancings—releasing a portion of security interest.* When a bank has entered into a purchase money loan transaction secured by household goods and then advances additional funds to the consumer in subsequent refinancings of that transaction, is the bank required to release a proportionate amount of the security interest in the household goods, as the original loan amount decreases?

A: The rule does not require a proportionate reduction of the security interest as the original loan amount decreases; such may be required, however, under state law.

* * * * *

Q13(d)-10: *Security interest in substituted household goods.* Does a bank violate the rule by retaining a security interest in household goods that have been substituted by the consumer for household goods in which the bank originally had a permissible purchase money security interest?

A: A security interest in substituted household goods would violate the rule's prohibition on taking a nonpurchase money security interest in household goods unless the goods were substituted pursuant to a warranty; as such, the

goods would be considered part of the original money transaction for purposes of the rule.

* * * * *

Section 227.14 Unfair or Deceptive Practices Involving Cosigners.

The reference to section 226.16 in the answer to Q14–1 should be changed to section 227.16.

* * * * *

14(b) Disclosure Requirement

* * * * *

Q14(b)-13: *Continuing guaranties.* When must a bank give the cosigner notice to a guarantor who has executed a guaranty for not only the original loan, but also for future loans of the primary debtor? Must a cosigner notice be given to the guarantor with each subsequent loan to the primary debtor?

A: The cosigner notice should be provided before the guarantor becomes obligated on the guaranty—that is, at the time the guaranty is executed. The cosigner notice need not be given to the guarantor with each subsequent loan made to the primary debtor, since the cosigner is already obligated under the original contract to guarantee future indebtedness. However, since the guarantor is being asked to guarantee not only the original debt, but also the future debts of the primary obligor, the cosigner notice should be modified to accurately reflect the extent of the guaranty obligation. For example, the first sentence of the cosigner notice could read "You are being asked to guarantee this debt, as well as all future debts of the borrower entered into with this bank through December 31, 1987."

Q14(b)-13a: *Continuing guaranties—open-end plan.* If a cosigner executes a guaranty on an open-end credit plan (that is, one guaranteeing all advances made under the plan), does the bank have to modify the cosigner notice to indicate that all advances made under the plan are being guaranteed?

A: No, the bank is not required to modify the cosigner notice since the future advances are all being made as part of the same open-end credit plan.

Q14(b)-14: *Renewal or refinancing of credit obligation.* What happens when a credit obligation involving a cosigner is renewed or refinanced? Must a bank give the cosigner another notice at the time of the renewal or refinancing?

A: If under the terms of the original credit agreement the cosigner is obligated for renewals or refinancings of the credit obligation, a bank would not be required to give another cosigner notice at the time of each renewal or refinancing.

Section 227.15 Unfair Late Charges.

* * * * *

Q15–2: *Skipped and partial payments.* What happens if a consumer misses or partially pays a monthly payment and fails to make up that payment month after month? May the bank assess a delinquency charge for each month that passes in which the consumer fails to make the missed or "skipped" payment or to pay the outstanding balance of the partial payment?

A: Yes, the rule does not prohibit the bank from assessing a delinquency charge for each month that the skipped or partial payment remains outstanding.

* * * * *

Q15–5a: *Allocation of excessive payment.* Assume that beginning in January a consumer's payment on an installment loan is $40 a month. The consumer pays only $35 of a $40 January payment and a late charge of $5 is imposed on the account. If the following month's payment is for $45, may the creditor use the extra $5 to pay off the late charge and impose another late charge since the previous month's payment is still deficient $5?

A: If a consumer's payment could bring the account current except for an outstanding late charge, no additional late charge may be imposed.

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Board of Governors of the Federal Reserve System, October 24, 1986.

William W. Wiles,

Secretary of the Board.

[FR Doc. 86–24517 Filed 10–27–86; 3:16 pm]

BILLING CODE 6210–01–M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Airspace Docket No. 86–AWP–31]

Alteration of VOR Federal Airways

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This amendment alters the descriptions of Federal Airways V–195, V–585 and V–386 due to navigational aid (NAVAID) name changes which appear in their descriptions. In addition, the description of V–197 has been changed by one degree to precisely align the radial to intercept the KELEN, CA, Intersection. These actions are editorial in nature and do not substantially alter controlled airspace.

EFFECTIVE DATE: 0901 UTC, December 18, 1986.

FOR FURTHER INFORMATION CONTACT: Lewis W. Still, Airspace and Air Traffic Rules Branch (ATO–230), Airspace-Rules and Aeronautical Information Division, Air Traffic Operations Service, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591; telephone: (202) 267–9254.

SUPPLEMENTARY INFORMATION:

The Rule

This amendment to Part 71 of the Federal Aviation Regulations changes the descriptions of VOR Federal Airways V–195, V–386 and V–585 to include the NAVAID name changes that were recently implemented. In addition, the description of V–197 has been altered to show a one degree change in the airway alignment between Palmdale, CA, and Shafter, CA. Except for this minor change to V–197, the amendment does not affect controlled airspace. Because these changes are minor amendments and editorial in nature in which the public would have no particular interest in commenting, I find that notice and public procedure under 5 U.S.C. 553(b) are unnecessary. Section 71.123 of Part 71 of the Federal Aviation Regulations was republished in Handbook 7400.6B dated January 2, 1986.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 71

Aviation safety, VOR Federal airways.

Adoption of the Amendment

PART 71—[AMENDED]

Accordingly, pursuant to the authority delegated to me, Part 71 of the Federal Aviation Regulations (14 CFR Part 71) as amended (51 FR 8 and 6103) is further amended, as follows:

1. The authority citation for Part 71 continues to read as follows:

Authority: 49 U.S.C. 1348(a), 1354(a), 1510; Executive Order 10854; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983); 14 CFR 11.69.

§ 71.123 [Amended]

2. Section 71.123 is amended as follows:

V-195 [Amended]

Where "Stockton" appears substitute "Manteca".

V-386 [Amended]

Where "Santa Barbara" appears substitute "San Marcus".

V-585 [Amended]

Where "Fresno" appears substitute "Pinedale".

Where "Stockton" appears substitute "Manteca".

V-197 [Amended]

By removing the words "INT Palmdale 314°" and by substituting the words "INT Palmdale 313°".

Issued in Washington, DC, on October 23, 1986.

Daniel J. Peterson,

Manager, Airspace-Rules and Aeronautical Information Division.

[FR Doc. 86-24505 Filed 10-29-86; 8:45 am]

BILLING CODE 4910-13-M

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14 CFR Part 73

[Airspace Docket No. 86-AWA-24]

Alteration of Restricted Area R-5803 Chambersburg, PA

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This amendment expands the size of Restricted Area R-5803 Chambersburg, PA, from a 2,400-foot radius circular area to a 5,500-foot radius area centered on the present location at the Letterkenny Army Depot. This change is required because the Department of the Army has determined that the existing area is not large enough to adequately protect aircraft from activities conducted at the Depot.

EFFECTIVE DATE: 0901 UTC, December 18, 1986.

FOR FURTHER INFORMATION CONTACT: Paul Gallant, Airspace and Aeronautical Information Requirements Branch (ATO-240), Airspace-Rules and Aeronautical Information Division, Air Traffic Operations Service, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591; telephone: (202) 267-9246.

SUPPLEMENTARY INFORMATION:

History

On July 22, 1986, the FAA proposed to amend Part 73 of the Federal Aviation Regulations (14 CFR Part 73) to expand the size of Restricted Area R-5803 Chambersburg, PA (51 FR 26263). Interested parties were invited to participate in this rulemaking proceeding by submitting written comments on the proposal to the FAA. No comments objecting to the proposal were received. Except for editorial changes, this amendment is the same as that proposed in the notice. Section 73.58 of Part 73 of the Federal Aviation Regulations was republished in Handbook 7400.6B dated January 2, 1986.

The Rule

This amendment to Part 73 of the Federal Aviation Regulations expands the boundaries of Restricted Area R-5803 Chambersburg, PA, from a 2,400-foot radius circular area to a 5,500-foot radius area centered on the present location at the Letterkenny Army Depot. Designated altitudes, time of designation and using agency of the restricted area remain unchanged by this amendment.

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 73

Aviation safety, Restricted areas.

Adoption of the Amendment

PART 73—[AMENDED]

Accordingly, pursuant to the authority delegated to me, Part 73 of the Federal Aviation Regulations (14 CFR Part 73) is amended, as follows:

1. The authority citation for Part 73 continues to read as follows:

Authority: 49 U.S.C. 1348(a), 1354(a), 1510, 1522; Executive Order 10854; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983); 14 CFR 11.69.

§ 73.58 [Amended]

2. Section 73.58 is amended as follows:

R-5803 Chambersburg, PA [Amended]

By removing the present boundary description and substituting the following:

Boundaries. A circular area with a 5,500-foot radius centered at lat. 40°02'29" N., long. 77°44'20" W.

Issued in Washington, DC, on October 23, 1986.

Daniel J. Peterson,

Manager, Airspace-Rules and Aeronautical Information Division.

[FR Doc. 86-24506 Filed 10-29-86; 8:45 am]

BILLING CODE 4910-13-M

FEDERAL TRADE COMMISSION

16 CFR Part 460

Labeling and Advertising of Home Insulation

AGENCY: Federal Trade Commission.

ACTION: Final rule.

SUMMARY: The Federal Trade Commission announces an amendment to its trade regulation rule concerning the labeling and advertising of home insulation (16 CFR Part 460), pursuant to an Order issued by the United States Court of Appeals. The amendment is limited to deleting from the rule all requirements for affirmative disclosures in television advertisements. All other parts of the rule remain in effect.

This notice sets out the specific provisions of the rule that are amended. The television advertising disclosure requirements of the rule never became effective, having been stayed by the Commission when it announced the effective date of the rule [45 FR 54702].

EFFECTIVE DATE: October 30, 1986. Concurrent with the issuance of these amendments, the Commission lifts the stay of the affirmative disclosure requirements for television advertisements.

FOR FURTHER INFORMATION CONTACT: Kent C. Howerton, R-value Rule Coordinator, Division of Enforcement, Bureau of Consumer Protection, Room B-425, Federal Trade Commission, Washington, DC 20580, (202) 376-8934.

SUPPLEMENTARY INFORMATION: In August, 1979, the Commission published its Statement of Basis and Purpose and promulgated a trade regulation rule on the labeling and advertising of home insulation (hereinafter cited as the "R-value Rule" or the "Rule"), 16 CFR Part 460.[1] Following a series of

[1] Final trade regulation rule (hereinafter cited as the "Statement of Basis and Purpose"), 44 FR 50218 (Aug. 27, 1979).

postponements, the Rule became effective (with certain exceptions discussed below) on September 29, 1980.[2] Statutory authority for the Rule is provided under Section 18 of the Federal Trade Commission Act, 15 U.S.C. 57a, as amended.

In summary, the major provisions of the Rule: (1) Prescribe standardized test methods for determining the R-values, or effectiveness, of home insulation materials; (2) mandate prepurchase point-of-sale disclosures of R-values and related information to consumers; (3) require disclosure of R-values or related information in advertisements which make specific claims about home insulation products; and (4) require substantiation and qualifying disclosures in advertisements which make energy savings claims about home insulation products. The Rule is designed to enable consumers to evaluate and compare the thermal performance characteristics of home insulation products, and to ensure that promotional claims for these materials will be fair and nondeceptive.

Four manufacturers of mineral wool insulation thereafter filed timely petitions for review of the Rule in the United States Court of Appeals. The petitions were consolidated in the Tenth Circuit; [3] and the Commission and the mineral wool manufacturers subsequently agreed to ask the Tenth Circuit to remand the Rule to the Commission. On January 4, 1980, pursuant to a joint stipulation signed by all the parties, the Court remanded the Rule to the Commission for further proceedings.[4]

Under the Court's Order of January 4, 1980, remanding the Rule, the Commission was required to reconsider issues relating to the representative thickness testing requirement, and to the advertising disclosure requirements of the Rule insofar as they would have applied to television advertisements. The Commission was required to conduct complete rulemaking proceedings under the requirements of Section 18 of the Federal Trade Commission Act, 15 U.S.C. 57a, prior to making any disclosure requirements effective for television advertisements.

To comply with the Court's Order, on August 15, 1980, the Commission stayed the affirmative disclosure requirements of the Rule insofar as they would have applied to television advertising, pending the initiation and completion of further rulemaking proceedings concerning these requirements.[5] It also stayed the Rule's representative thickness testing requirement, until such time as the National Bureau of Standards (hereinafter cited as "NBS") resolved certain problems concerning that testing.[6] The Commission made all other requirements of the Rule effective as of September 29, 1980.[7]

On August 24, 1982, the Commission announced its intention to lift the temporary stay of the effective date of the representative thickness testing requirement because NBS had resolved the technical testing problems concerning such testing. The representative thickness testing requirement, § 460.6 of the Rule, became effective on September 23, 1982.[8]

To resolve the remanded appeal and remove it from the appellate court's docket, the Commission recently agreed that the Court could enter an Order vacating the television advertising disclosure requirements of the Rule without prejudice to the Commission's right to recommence new rulemaking proceedings in the future.[9] On May 8, 1986, the Court issued its Order vacating the affirmative disclosure requirements of the Rule and dismissed the appeal.[10] The Court's Order is without prejudice to the Commission initiating rulemaking proceedings and promulgating television advertising disclosure requirements for home insulation in the future pursuant to the statutory rulemaking requirements of section 18 of the Federal Trade Commission Act, 15 U.S.C 57a. The Commission issues the amendment to the Rule in this notice to implement the Court's Order of May 8, 1986.[11]

Although the Court's Order does not restrict the Commission in conducting rulemaking proceedings to consider affirmative disclosure requirements for television advertising, the Commission has decided not to conduct such proceedings at this time and therefore terminates the proposed rulemaking it announced on September 25, 1981.[12]

Concurrent with the issuance of the amendment, the Commission lifts the stay of the affirmative disclosure requirements for television advertisements that it issued on August 15, 1980. The amendment obviates the need for the stay.

List of Subjects in 16 CFR Part 460

Advertising, Home insulation, Labeling, Trade practices.

PART 460—[AMENDED]

For the reasons set forth in the preamble, 16 CFR Part 460 is amended as follows:

1. The authority citation for Part 460 continues to read as follows:

Authority: 38 Stat. 717, as amended, 15 U.S.C. 41 *et seq.*

2. Section 460.10 is revised to read as follows:

§ 460.10 How statements must be made.

All statements called for by this regulation must be made clearly and conspicuously. Among other things, you must follow the Commission's Enforcement Policy Statement for Foreign Language Advertising (July 24, 1973) (Appendix). The above document is in the Appendix to this regulation.

3. Section 460.18(f) is added to read as follows:

§ 460.18 Insulation ads.

* * * * *

(f) The affirmative disclosure requirements in § 460.18 do not apply to ads on television.

4. Section 460.19(g) is added to read as follows:

§ 460.19 Savings claims.

* * * * *

(g) The affirmative disclosure requirements in § 460.19 do not apply to ads on television.

5. Appendix A to Part 460 is amended by revising the title to read:

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[2] Notice of effective date of rule, and of a stay of the effect of the representative thickness testing and television advertising disclosure requirements of the rule, 45 FR 54702 (Aug. 15, 1980).

[3] *Manville Corp.* v. *FTC*, Nos. 79–1955, 80–1075, 83–1043 [10th Cir., filed Aug. 31, 1979.].

[4] *Id.*, Order of January 4, 1980.

[5] *See supra note* 2.

[6] *Id.*

[7] *Id.*

[8] Notice of lifting of stay of effective date of Final Rule, 47 FR 36806 (Aug. 24, 1982).

[9] *See supra note* 3, Joint Motion For Dismissal dated March 19, 1986.

[10] *Id.*, Order of May 8, 1986. Because affirmative disclosure requirements for television advertisements never became effective, the Court's action does not change any compliance obligations under the Rule.

[11] Only the affirmative disclosure requirements for television advertisements are affected by the actions by the Court and the Commission. Other requirements of the Rule apply equally to promotional claims made in television advertisements as to those made in other media. For example, the requirements in § 460.5 that R-values claimed for home insulation products must be based on the specific test methods listed in § 460.5, and the requirements in § 460.11 concerning the rounding of R-values, apply to R-value claims made in television advertisements. Similarly, the savings claim substantiation requirements in §§ 460.19(a) and 460.19(e), and the recordkeeping requirement in § 460.19(f), apply to advertisers who make savings claims about home insulation products in television advertisements. Lastly, the prohibitions in §§ 460.20, 460.21 and 460.22 against specific representations apply to television advertisements, as well as to those in other media. These requirements became effective, along with other requirements of the Rule, on September 29, 1980.

[12] Advance notice of proposed rulemaking, 46 FR 47236 (1981).

Appendix—Enforcement Policy Statement for Foreign Language Advertising

Appendix B [Removed]

6. Appendix B to Part 460 is removed.

By direction of the Commission.

Emily H. Rock,

Secretary.

[FR Doc. 86-24549 Filed 10-29-86; 8:45 am]

BILLING CODE 6750-01-M

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 211

[Release No. 33-6671; 34-23746; 35-24220; IC-15372; FR-26]

Interpretive Release About Disclosure of the Effects of the Tax Reform Act of 1986

AGENCY: Securities and Exchange Commission.

ACTION: Interpretation.

SUMMARY: The provisions of the Tax Reform Act of 1986 (the "Act") may significantly affect the future financial position, liquidity and results of operations of some registrants. Registrants may present disclosures which quantify the effects of the Act on the deferred tax amounts in their historical financial statements by the pro forma application of the provisions of the Financial Accounting Standards Board's Exposure Draft, "Proposed Statement of Financial Accounting Standards—Accounting for Income Taxes" (the "ED"). This release contains guidelines for such quantified disclosures, and discusses other areas in which the potential effects of the Act should be discussed by registrants, if material.

DATE: October 23, 1986.

FOR FURTHER INFORMATION CONTACT: John A. Heyman (202-272-2130), Office of the Chief Accountant, or Howard P. Hodges (202-272-2553), Division of Corporation Finance, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION:

Background

On October 22, 1986, the President signed the Act, which significantly changes the federal income taxation of corporations. Its provisions include an overall reduction in corporate income tax rates, the elimination of the investment tax credit and reduction of investment tax credit carryforwards, changes in depreciation rates and lives and various provisions which affect specific industries. For many registrants, the reduction in corporate tax rates will cause future payments of deferred tax amounts to be at rates which are significantly lower than those used to determine the deferred income tax provision under Accounting Principles Board Opinion (APB) No. 11.

On September 2, 1986, the Financial Accounting Standards Board (FASB) requested public comment on the ED, which would supersede APB No. 11 as the authoritative literature on accounting for income taxes in financial statements prepared in accordance with generally accepted accounting principles (GAAP). The principles proposed in the ED would significantly change the manner in which income taxes are accounted for under GAAP. APB No. 11 presently utilizes a deferred credit approach under which deferred taxes are provided based on the tax rates during the current year without consideration of, or adjustment for, subsequent changes in future tax rates. In contrast, the ED proposes a liability approach under which deferred taxes would be provided based on enacted tax rates which would apply during the period the taxes become payable. Deferred tax liabilities would then be subsequently adjusted for changes in future tax rates. The ED would also require companies to provide deferred taxes on certain differences between financial and income tax reporting which are not currently required under APB No. 11 and would be more restrictive than APB No. 11 with respect to the recognition of deferred tax debits (assets).

Types of Disclosure

The provisions of the Act will impact the timing and amount of taxes payable upon the reversal of book/tax differences for which deferred tax amounts have previously been provided. They may also affect future financial position, liquidity and results of operations for certain registrants.

Effects on Existing Deferred Tax Amounts

The reductions in corporate tax rates may result in actual tax payments, when book/tax differences reverse, which are lower than the related deferred tax amounts which were previously established. This savings of liquid assets may, however, be partially offset by the reduction of investment tax credit carryforwards. Additionally, the timing of the payments of deferred tax amounts for some registrants may be accelerated by the amended alternative minimum tax. The interaction of these provisions of the Act and the liability approach in the ED would, for many registrants, produce a significant reduction in recorded deferred taxes when a final standard is applied in the preparation of registrants' financial statements.

Quantification by registrants of the potential effects of FASB exposure drafts is not generally required since any final standards may differ from those proposed in the exposure draft. However, some registrants may desire to present disclosures which quantify the effects of the Act on their existing deferred tax liabilities through the application of the liability method of accounting for income taxes because they believe such disclosures are practicable and informative. Disclosures quantifying those effects may be made as discussed below under "Quantification of Effects on Existing Deferred Tax Amounts."

Regulation S-K, Item 303 "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") (17 CFR 229.303) calls for the discussion of any known trends or events or uncertainties that a registrant reasonably expects will have a material impact on liquidity or income from continuing operations.[1]

As previously indicated, certain provisions of the Act will affect registrants' future liquidity through their effect on the amount and timing of future tax payments upon the reversal of book/tax differences for which deferred tax amounts were not previously established. Registrants which do not elect to present disclosures which quantify the effects of the Tax Reform Act on existing deferred tax amounts should, nonetheless, discuss these potential effects on future liquidity, if material, as required by the MD&A rules. Such discussions should include both the potential effects upon reversal of book/tax differences for which deferred taxes have been provided and the potential effects upon the reversal of book/tax differences for which deferred taxes have not been provided pursuant to APB No. 23.[2]

[1] Regulation S-K, Items 303 (a)(1) and (a)(3)(ii).

[2] APB No. 23 provides that deferred taxes need not be provided for certain timing differences that may not reverse until indefinite future periods. Those timing differences are the undistributed earnings of subsidiaries and corporate joint ventures which will be indefinitely reinvested, certain bad debt reserves of savings and loan associations and policy holder surpluses of stock life insurance companies.

Other Effects

The provisions of the Act will also have potential effects on the results of operations and sources and uses of capital resources in future periods. For example, the repeal of the investment tax credit and the changes in the depreciation rules may affect a registrant's capital expenditure plans, and the changes in the foreign tax credit may affect the structure of foreign operations. While the impact of these provisions may not be quantifiable, the nature of the potential effects should be discussed, if material. This discussion should be presented in addition to the disclosure of the effects of the Tax Reform Act on existing deferred tax amounts and regardless of whether or not a registrant elects to present quantified disclosures of those effects.

Quantification of Effects on Existing Deferred Tax Amounts

Any quantified disclosures of the effects of the Act on existing deferred tax amounts should be based on the application of the ED to the registrant's historical financial statements for the most recent fiscal year.[3] This approach will adjust deferred tax amounts for the changes in the corporate tax rates, reduction of investment tax credit carryforwards and other provisions of the Act and give effect to the provisions of the ED which require the establishment of deferred taxes for items presently not so treated under APB No. 11 or which limit the recognition of deferred tax debits (assets).

The ED includes a proposed delayed effective date of 1991 for its application to the book/tax differences covered by APB No. 23.[4] In preparing quantified disclosure registrants may either (i) apply the provision of the ED without regard to the delayed effective date, thus including the deferred tax effects of these differences or (ii) consider the delayed effective date and therefore omit the deferred tax effects of these items.[5] Registrants not reflecting the deferred tax effects of these book/tax differences in their quantified disclosures should, separately in a note thereto, disclose those book/tax differences and the amount of related deferred taxes[6] not reflected by reason of the proposed delayed effective date. Registrants may also separately discuss the effect on the pro forma amounts of any other provisions of the ED which are of special significance in their circumstances.

The provision for taxes currently payable should be based on the tax rate of 46 percent for 1986 and should not be adjusted to reflect the retroactive application to 1986 of the reduction in tax rates scheduled to take effect in 1987 and 1988. Those reductions in future tax rates are considered only in the calculation of the pro forma deferred tax provision.

Registrants should not use an approach which merely adjusts historical deferred tax provisions based on the difference between historical and future tax rates. For example, an approach that recognizes the reduction in deferred taxes resulting from the lowering of corporate tax rates but fails to give effect to other provisions of the Act and the ED could be misleading.

Registrants electing to present quantified disclosures may display them in narrative form, by the presentation of appropriate pro forma selected financial information, or by the presentation of a complete (condensed or full) pro forma balance sheet and statement of income.

Whichever method is selected, the disclosures should include a discussion of the purpose of the disclosure, the basis of presentation and any significant assumptions utilized in their preparation. The disclosures should also indicate that they were prepared on the basis of the provisions of the ED which could be changed in the issuance of a final statement and that, as a result, the pro forma information could differ from the eventual results of the actual application of a final FASB standard in the preparation of the registrant's historical financial statements.

Codification Update

The "Codification of Financial Reporting Policies" announced in Financial Reporting Release No. 1 (April 15, 1982) [47 FR 21028] is updated to:

1. Add a new § 501.08 entitled as follows:

Section 501.08 Disclosure of the Effects of the Tax Reform Act of 1986

2. Include in § 501.08 the sections entitled "Background," "Types of Disclosure" and "Quantification of Effects on Existing Deferred Tax Amounts" identified as specified below:

a. Background.

b. Types of Disclosure

i. Effects on Existing Deferred Tax Amounts

ii. Other Effects

c. Quantification of Effects on Existing Deferred Tax Amounts

This codification is a separate publication issued by the SEC. It will not be published in the **Federal Register** Code of Federal Regulations system.

List of Subjects in 17 CFR Part 211

Accounting, Reporting and recordkeeping requirements, Securities.

PART 211—[AMENDED]

Commission Action

Subpart A of 17 CFR Part 211 is amended by adding thereto reference to this release (FRR No. 26).

By the Commission,

Jonathan G. Katz,

Secretary.

October 23, 1986.

[FR Doc. 86-24563 Filed 10-29-8-45 am]

BILLING CODE 8010-01-M

[3] The limitation of pro forma information to the most recent fiscal year is consistent with the Commission's rules regarding the disclosure of pro forma financial information in other circumstances.

[4] *See* Footnote 2.

[5] In general, the Commission believes that any disclosures by registrants which discuss and/or quantify the potential effects of proposed accounting standards should be based on the proposed standards in their entirety. This exception is considered appropriate solely due to the potential significance of the proposed delayed effective date.

[6] The Commission understands that in some instance the precise quantification of those deferred tax effects may be difficult. In particular, the computation of the taxes payable upon the repatriation of foreign earnings can be complex, and the related deferred tax effect may vary dependent on numerous factors including the method by which foreign earnings will be repatriated. Reasonable estimates may be used in the calculation of these effects. Additionally, if the deferred tax effect of applying the ED to the APB No. 23 items could vary significantly depending on certain assumptions (i.e., the method of repatriation), registrants may present the upper and lower limits of the effects together with a discussion of the factors affecting the estimates and the assumptions inherent in each limit, if material.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

21 CFR Parts 74, 81, and 82

[Docket Nos. 85N-0323 and 84N-0319]

Confirmation of Effective Date for FD&C yellow No. 5; Identity and Specifications

AGENCY: Food and Drug Administration.

ACTION: Final rule; confirmation of effective date.

SUMMARY: The Food and Drug Administration (FDA) is confirming the effective date of August 7, 1986, for two final rules that amended the color additive regulations on the use of FD&C Yellow No. 5. One of these final rules affected a small change in the identity of FD&C Yellow No. 5 in the regulation listing this color additive for use in

externally applied drugs and in cosmetics generally (51 FR 24519; July 7, 1986). The other final rule amended the identity and specifications in the listings of FD&C Yellow No. 5 for use in food and ingested drugs (51 FR 24517; July 7, 1986). The latter final rule also amended all of FDA's regulations on the uses of this color additive to reference the identity and specifications in § 74.705 (a) and (b).

EFFECTIVE DATE: Effective date confirmed: August 7, 1986.

FOR FURTHER INFORMATION CONTACT: Julius Smith, Center for Food and Safety and Applied Nutrition (HFF–335), Food and Drug Administration, 200 C St. SW., Washington, DC 20204, 202–472–5690.

SUPPLEMENTARY INFORMATION: This Federal Register final rule confirms the effective date of two final rules that amended FDA's regulations of FD&C Yellow No. 5.

I. Docket No. 84N–0319

On July 7, 1986 (51 FR 24519) (cosmetics amendment document), FDA responded to three objections to the final rule that permanently listed FD&C Yellow No. 5 for use in externally applied drugs and in cosmetics generally. FDA found that two of these objections were without merit, but that the third objection pointed out problems in the description of the manufacturing process for FD&C Yellow No. 5 that the agency had included in the portion of the regulation on the identity of this color additive, 21 CFR 74.2705(a). Therefore, in the cosmetics amendment document, FDA confirmed the effective date of this final rule but amended the identity paragraph to reflect the information in the objection. The agency gave interested persons until August 6, 1986, to object to the amendment of § 74.2705(a) and to request a hearing on those objections.

FDA has received no objections or requests for a hearing on this amendment. Therefore, FDA is confirming the effective date of August 7, 1986, for the amendment to 21 CFR 74.2705(a).

II. Docket No. 85N–0323

In the Federal Register of July 7, 1986 (51 FR 24517), FDA also published a final rule that amended the identity and specifications for FD&C Yellow No. 5 listed for use in food (21 CFR 74.705 (a) and (b)) and in ingested drugs (21 CFR 74.1705(a)) to be consistent with the identity and specifications in § 74.2705, which lists FD&C Yellow No. 5 for use in cosmetics generally. The agency adopted this final rule because it had determined that the new identity and specifications in 21 CFR 74.2705(a) and (b) were necessary to control the formation and presence in FD&C Yellow No. 5 of undesired impurities, six of which have been shown to be carcinogenic (51 FR 24518). In this final rule, FDA conformed § 74.705(a) to the change that it had made in § 74.2705(a) in the cosmetics amendment document (51 FR 24518).

FDA gave interested persons until August 6, 1986, to file objections or requests for a hearing. The agency received no objections or requests for a hearing on this final rule. Therefore, FDA is confirming the effective date of August 7, 1986, for the amendment to 21 CFR 74.705 (a) and (b) and 21 CFR 74.1705(a).

III. Effect of These Amendments

Because the identity and specifications for all uses of FD&C Yellow No. 5 are now consistent, §§ 74.1705, 74.2705, and 82.705 merely reference the paragraphs in § 74.705 (§ 74.705 (a) and (b)) that list the identity and specifications for this color additive and do not separately set forth these provisions. In addition, all of these regulations incorporate the revisions in the description of the manufacturing process for FD&C Yellow No. 5 that FDA made in the cosmetics amendment document (51 FR 24519).

List of Subjects

21 CFR Part 74

Color additives, Cosmetics, Drugs, Medical devices.

21 CFR Part 81

Color additives, Cosmetics, Drugs.

21 CFR Part 82

Color additives, Cosmetics, Drugs.

Therefore, under the Federal Food, Drug, and Cosmetic Act (secs. 701, 706, 52 Stat. 1055–1056 as amended, 74 Stat. 399–407 as amended (21 U.S.C. 371, 376)) and under authority delegated to the Commissioner of Food and Drugs (21 CFR 5.10), notice is given that no objections or requests for a hearing were filed in response to the amendment of 21 CFR 74.2705(a) that was included in the cosmetics amendment document (51 FR 24519) that was published on July 7, 1986, or to the amendments contained in the final rule (51 FR 24571) that was published on the same date. Accordingly, all of the amendments promulgated thereby became effective August 7, 1986.

Dated: October 22, 1986.

Frank E. Young,

Commissioner of Food and Drugs.

[FR Doc. 86–24511 Filed 10–29–86; 8:45 am]

BILLING CODE 4160–01–M

ENVIRONMENTAL PROTECTION AGENCY

21 CFR Part 561

[FAP 6H5488/R857; FRL–3103–1]

Pesticide Tolerance for Fenarimol

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: This rule establishes a regulation to permit residues of the fungicide fenarimol in or on the animal feed apple pomace (wet and dry). This regulation, to establish a maximum permissible level of residues of fenarimol in apple pomace, was requested in a petition submitted by Elanco Products Co. Elsewhere in this issue of the Federal Register, tolerances for fenarimol in or on various raw agricultural commodities are also established.

EFFECTIVE DATE: October 30, 1986.

ADDRESS: Written objections, identified by the document control number [FAP 6H5488/R857] may be submitted to the: Hearing Clerk (A–110), Environmental Protection Agency, Rm. M–3708, 401 M St. SW., Washington, DC 20460.

FOR FURTHER INFORMATION CONTACT:

By mail: Henry M. Jacoby, Product Manager (PM) 21, Registration Division (TS–767C), Environmental Protection Agency, 401 M St. SW., Washington, DC 20460.

Office location and telephone number: Rm. 227, CM#2, 1921 Jefferson Davis Highway, Arlington, VA 22202 (703–577–1900).

SUPPLEMENTARY INFORMATION: EPA issued a notice, published in the Federal Register of September 24, 1986 (51 FR 34247), which announced that Elanco Products Co., 740 South Alabama St., Indianapolis, IN 46285, submitted feed additive petition 6H5488 to EPA requesting that the Administrator, pursuant to section 409 of the Federal Food, Drug, and Cosmetic Act, propose the establishment of a regulation to permit residues of the fungicide fenarimol [alpha-(2-chlorophenyl)-alpha-(4-chlorophenyl)-5-pyrimidinemethanol in or on apple pomace (wet and dry).

No comments were received in response to the notice of filing.

The toxicological data and other relevant information submitted in the petition are discussed in a related document [PP 4F3108/R857], establishing tolerances for fenarimol in or on various raw agricultural commodities, appearing elsewhere in this issue of the **Federal Register.**

The pesticide is considered useful for the purpose for which the feed additive regulation is sought and it is concluded that the fungicide may safely be used in accordance with prescribed manner when such uses are in accordance with the label and labeling registered pursuant to FIFRA as amended (86 Stat. 973, 89 Stat. 751, U.S.C 135(a) et seq.). Therefore, the feed additive regulation is established as set forth below.

Any person adversely affected by this regulation may, within 30 days after publication of this notice in the **Federal Register**, file written objections with the hearing Clerk, at the address given above. Such objections should specify the provisions of the regulation deemed objectionable and the grounds for the objections. If a hearing is requested, the objections must state the issues for the hearing and the grounds for the objections. A hearing will be granted if the objections are supported by grounds legally sufficient to justify the relief sought.

Pursuant to the requirement of the Regulatory Flexibility Act (Pub. L. 96–354, 94 Stat. 1164, 5 U.S.C. 601–612), the Administrator has determined that regulations establishing new tolerances or raising tolerance levels or establishing exemptions from tolerance requirements do not have a significant economic impact on a substantial number of small entities. A certification statement to this effect was published in the **Federal Register** of May 4, 1981 (46 FR 24950).

The Office of Management and Budget has exempted this rule from the requirement of section 3 of Executive Order 12291.

List of Subjects in 21 CFR Part 561

Animal feeds, Pesticides and pests.

Dated: October 23, 1986.

Douglas D. Campt,

Director, Office of Pesticide Programs.

PART 561—[AMENDED]

Therefore, 21 CFR Part 561 is amended as follows:

1. The authority citation for Part 561 continues to read as follows:

Authority: 21 U.S.C. 348.

2. Part 561 is amended by adding § 561.438 to read as follows:

§ 561.438 Fenarimol.

A regulation is established to permit residues of the fungicide fenarimol [alpha-(2-chlorophenyl)-alpha-(4-chlorophenyl)-5-pyrimidinemethanol] in or on the following feed commodities:

Commodities	Parts per million
Apple pomace (wet and dry)	0.2

[FR Doc. 86–24558 Filed 10–29–86; 8:45 am]

BILLING CODE 6560–50–M

DEPARTMENT OF STATE

22 CFR Parts 60, 61, 62, 63, 64, and 65

[Departmental Regulations 108.854]

South Africa and Fair Labor Standards

AGENCY: Department of State.

ACTION: Final rule.

SUMMARY: The Comprehensive Anti-Apartheid Act of October 2, 1988 (Pub. L. 99–440) contains provisions on the fair labor standards to be implemented by U.S. firms in South Africa and Namibia. This final rule implements the requirements of the Act.

EFFECTIVE DATE: October 30, 1986.

FOR FURTHER INFORMATION CONTACT: Barbara Hughes or Polly Byers, Office of Southern African Affairs (202) 647–8433, or Edward Cummings, Office of the Legal Adviser (202) 647–4110, Department of State.

SUPPLEMENTARY INFORMATION: Section 2 of Executive Order 12532 of September 9, 1985 (50 FR 36861) deals with the labor practices of U.S. nationals and their firms in South Africa. On November 8, 1985, the Department of State published draft implementing regulations as a proposed rule for public comment (50 FR 46455). The final rule was published on December 31, 1985 (50 FR 53308) after taking into account the public comments.

The Comprehensive Anti-Apartheid Act of 1986 (Pub. L. 99–440) ("the Act") codifies the measures required under the September 9, 1985, Executive Order. The Act contains a Code of Conduct (Section 208) which codifies the fair labor standards specified in Executive Order 12532. It also contains several provisions relating to the fair labor standards to be implemented by U.S. firms. These provisions require certain changes to the current regulations.

In particular, section 3(6) of the Act defines South Africa for purposes of the Act as including any territory under the illegal administration of South Africa. Namibia (a non-self governing territory under the U.N. Charter) is under such illegal occupation. Accordingly, the regulations in Parts 60–65 are extended to U.S. nationals who employ more than 25 individuals in Namibia. A new § 62.4 is added to the regulations to require such firms to register with the Department of State no later than November 30, 1986.

Section 207 of the Act provides that no department or agency of the U.S. Government may intercede with any foreign government or foreign national regarding certain export marketing activities. The Executive Order is limited to intercessions with foreign governments. Section 65.1 of the regulations is revised to apply to intercessions with foreign nationals also.

Finally, the criminal penalties for violations of the fair labor regulations (but not failure to implement the principles) have been substantially increased (i.e., from $50,000 to $1,000,000). The informational provision in the regulations that refers to criminal penalties (§ 65.2) is accordingly revised.

These amendments deal with a foreign affairs function of the United States and are thus excluded from the major rule procedures of Executive Order 12291 (46 FR 13193) and the procedures of 5 U.S.C. 553 and 554. The basic regulations that are amended by this final rule were the subject of public comment because of the desirability of obtaining the public's views. However, the amendments deal with statutory requirements that have entered into force and consequently the amended regulations are promulgated as a final rule.

For the reasons set out in the preamble, Title 22, Chapter 1, Subchapter G, of the Code of Federal Regulations, is amended as set forth below.

1. The authority citation for Parts 60, 61, 62, 63, 64, and 65 are revised to read as follows:

Authority: Sec. 203, International Emergency Economic Powers Act (50 U.S.C. 1701); E.O. 12532, Sept. 9, 1985 (50 FR 36861); Sections 207, 208, 601, 603, and 604, the Comprehensive Anti-Apartheid Act of 1986 (Pub. L. 99–440).

2. Section 60.1 is amended by revising paragraph (a) to read as follows:

§ 60.1 Purpose.

(a) Section 2 of Executive Order 12532 of September 9, 1985 (50 FR 36861) provides that it is the policy of the United States to encourage all United States firms in South Africa to adhere to certain fair labor standards. The

Comprehensive Anti-Apartheid Act of 1986 (Pub. L. 99–440) (hereinafter referred to as the Act) codifies section 2 of the Executive Order 12532. Section 207(a) of the Act also provides that nationals of the United States who employ more than 25 persons in South Africa and Namibia shall take the steps necessary to ensure that the fair labor principles codified in the Code of Conduct (Section 208(a) of the Act and §61.2 of this subchapter) are implemented. In addition, section 207(b) provides that no department of agency of the U.S. may intercede with any foreign government or foreign national regarding the export marketing activities in any country of any national of the U.S. employing more than 25 individuals in South Africa who does not implement the Code of Conduct. It is the purpose of this subchapter to implement these requirements of E.O. 12532 and Pub. L. 99–440.

* * * * *

§§ 60.2, 61.2, 62.3, 63.2, and 65.1 [Amended]

3. In addition to the amendments set forth above, in 22 CFR Parts 60–65, remove the words "South Africa" and add, in their place, the words "South Africa and Namibia" in the following places:

(a) Section 60.2 (a), (b), and (c) introductory text;
(b) Section 61.1(a);
(c) Section 62.2;
(d) Section 62.3(a);
(e) Section 63.2(b);
(f) Section 65.1(a)

4. Section 61.1(b) is revised to read as follows:

§ 61.1 Adherence

* * * * *

(b) Implementing the principles by taking good faith measures with respect to each principle;

* * * * *

5. Section 61.2(a) introductory text is revised to read as follows:

§ 61.2 Fair Labor Standards.

(a) The fair labor standards referred to in this chapter and which constitute the Code of Conduct for U.S. nationals in South Africa and Namibia are as follows:

* * * * *

6. In § 61.5(a), the reference to "8 U.S.C. 1101, 101(a) 20" is changed to read "8 U.S.C. 1101(a)(20)".

7. The table of contents of Part 62 is amended by adding the following:

* * * * *

62.4 Namibia.

* * * * *

8. Section 62.4 is added to Part 62 to read as follows:

§ 62.4 Namibia.

Any U.S. national described in § 60.2 must register with the Department of State with respect to activities in Namibia not later than November 30, 1986.

9. Section 65.1 is amended by revising paragraphs (a), (b) introductory text, (b)(1), (b)(4), (b)(5) and removing (b)(6) to read as follows:

§ 65.1 Denial of Export Marketing Support.

(a) In accordance with Part 63 of this subchapter, no department or agency of the United States may intercede with any foreign government or foreign national regarding export marketing activity in any country of any U.S. national or entity referred to in § 60.2 who does not adhere to the principles stated in § 61.2 with respect to that U.S. national's operations in South Africa or Namibia.

(b) For purposes of this section, "intercede with any foreign government regarding export marketing activity" means any contact by U.S. Government personnel with officials of any foreign government or foreign national which involves or contemplates any effort to assist in selling a good, service, or technology in a foreign market. The following are examples of the activities prohibited:

(1) Assisting non-complying firms by arranging appointments with foreign government officials or foreign nationals relating to the pursuit by the firm of a bid, project, or other commercial activity.

* * * * *

(4) Taking any action to assist a non-complying firm in selling its products, services or technology in a foreign market, including assistance in making appeals regarding foreign government procedures and practices adversely affecting the firm's ability to gain access to the foreign marketplace;

(5) Participation by non-complying firms in Department of Commerce sponsored trade exhibitions and video catalog shows, trade missions and certified shows in foreign countries.

* * * * *

10. Section 65.2 (a) and (c) are revised to read as follows:

§ 65.2 Civil and Criminal Penalties.

(a) This subchapter is promulgated pursuant to the authority of E.O. 12532 and the International Emergency Economic Powers Act (50 U.S.C. 1705) (IEEPA) and the Comprehensive Anti-Apartheid Act of 1986 (Pub. L. 99–440). Section 206 of the Comprehensive Anti-Apartheid Act are applicable to violations of this subchapter and to any license, ruling, regulation, order, direction, or instruction issued hereunder. These criminal and civil penalties are applicable to failures to comply with the registration and reporting requirements established in this subchapter. However, they are not applicable to failures to adhere to the principles stated in § 61.2.

* * * * *

(c) This section does not apply to the financing of exports by the Export-Import Bank to South Africa. Such financing continues to be the subject of the requirements contained in section 2(b)(9) of the Export-Import Bank Act of 1945, as amended by section 204 of the Comprehensive Anti-Apartheid Act of 1986, and other requirements of the latter Act.

Dated: October 22, 1986.

Ronald I. Spiers,

Under Secretary of State for Management.

[FR Doc. 86–24646 Filed 10–29–86; 8:45 am]

BILLING CODE 4710–26–M

DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Part 390

Collection by Administrative Offset

AGENCY: Bureau of the Public Debt, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: This final rule amends the Bureau of the Public Debt's regulations for collection by administrative offset of claims due the United States arising from transactions involving the Bureau, including transactions in Treasury securities.

EFFECTIVE DATE: October 30, 1986.

FOR FURTHER INFORMATION CONTACT: Rochelle Granat, Attorney-Advisor, Bureau of the Public Debt, Office of the Chief Counsel, Divisions Office (202) 447–9859.

SUPPLEMENTARY INFORMATION: The amendments are needed to cover two areas addressed in the final version of the administrative offset provisions of the Federal Claims Collection Standards, 4 CFR Part 102, issued jointly by the Department of Justice and the General Accounting Office under authority of the Debt Collection Act of 1982. The first amendment to the Bureau of the Public Debt's administrative offset regulations allows the Bureau to effect administrative offset prior to the

completion of the due process required by the statute and by 31 CFR 390.2 and 390.3 if failure to initiate the offset would substantially prejudice the Bureau's ability to collect the debt, and if the time remaining before payment is to be made does not reasonably permit completion of the due process procedures. Such prior offset must be followed by completion of those procedures. This amendment follows the Federal Claims Collection Standards provision found at 4 CFR § 102.3(b)(5).

The second amendment, advised by section 102.3(b)(2) of the Federal Claims Collection Standards, 4 CFR 102.3(b)(2), establishes procedures for making offset requests to other agencies holding funds payable to the Bureau's debtor and for processing requests for offset received from other agencies for debts owed those agencies.

The proposed rule was published in the **Federal Register** on July 29, 1986 (51 FR 27060). The comment period closed on August 28, 1986. No comments were received. The proposed rule is, therefore, being published as a final rule with no changes.

Executive Order 12291

This rule is not a "major rule," as defined in Executive Order 12291, dated February 17, 1981, because it will not result in: (1) An annual effect on the economy of $100 million or more; (2) a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or (3) significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

Paperwork Reduction Act

The Paperwork Reduction Act, Pub. L. 96–511, 94 Stat. 2812 (44 U.S.C. Chapter 35) does not apply to this rule because it does not contain information collection requirements which necessitate approval by the Office of Management and Budget.

Regulatory Flexibility Act

The Regulatory Flexibility Act, Pub. L. 96–354, 94 Stat. 1167, does not apply to this rule. The Commissioner of the Public Debt certifies under the provisions of 5 U.S.C. 605(b) that this rule will not have a significant economic impact on a substantial number of small entities or impose significant reporting or compliance burdens on a substantial number of small entities.

List of Subjects in 31 CFR Part 390

Administrative practice and procedure, Claims.

Accordingly, Title 31 of the Code of Federal Regulations is amended as follows:

PART 390—COLLECTION BY ADMINISTRATIVE OFFSET

1. The authority citation for Part 390 continues to read as follows:

Authority: 31 U.S.C. 3701; 31 U.S.C. 3711; 31 U.S.C. 3716.

2. Section 390.5 is revised to read as follows:

§ 390.5 Administrative offset.

(a) If the debtor does not exercise the right to request a review within the time specified in § 390.3, or if, as a result of the review, it is determined that the debt is due and no written agreement is executed, then administrative offset shall be ordered in accordance with these regulations without further notice.

(b) The Bureau may effect an administrative offset against a payment to be made to the debtor prior to the completion of the procedures required by §§ 390.2 and 390.3 of this Part if failure to take the offset would substantially prejudice the Bureau's ability to collect the debt, and the time before the payment is to be made does not reasonably permit the completion of those procedures. Such prior offset shall be promptly followed by the completion of those procedures. Amounts recovered by offset but later found not to be owed to the Bureau shall be promptly refunded.

3. Sections 390.6 and 390.7 are added to read as follows:

§ 390.6 Requests for offset to other Federal agencies.

The Commissioner of the Public Debt, or designee, may request that funds due and payable to a debtor by another Federal agency be administratively offset in order to collect a debt owed to the Bureau by that debtor. In requesting administrative offset, the Bureau as creditor will provide the Federal agency holding funds of the debtor with written certification (a) that the debtor owes the debt; (b) of the amount and basis of the debt; and (c) that the Bureau has complied with the requirements of §§ 390.2 and 390.3 of this Part and with the requirements of 4 CFR Part 102.

§ 390.7 Requests for offset from other Federal agencies.

Any Federal agency may request that funds due and payable to its debtor by the Bureau of the Public Debt be administratively offset in order to collect a debt owed to such Federal agency by the debtor. The Bureau shall initiate the requested offset only upon:

(a) Receipt of written certification from the creditor agency stating: (1) That the debtor owes the debt; (2) the amount and basis of the debt; (3) that the agency has prescribed regulations for the exercise of administrative offset; and (4) that the agency has complied with its own offset regulations and with the applicable provisions of 4 CFR Part 102, including any hearing or review; and

(b) A determination by the Bureau that collection by offset against funds payable by the Bureau would be in the best interest of the United States as determined by the facts and circumstances of the particular case, and that such offset would not otherwise be contrary to law.

Dated: October 24, 1986.

W.M. Gregg,

Commissioner of the Public Debt.

[FR Doc. 86–24509 Filed 10–29–86; 8:45 am]

BILLING CODE 4810-35-M

DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 100

[CCGD 7 86–43]

Special Local Regulation, Key West Power Boat Race; Association's 1986 World Cup Offshore Championship

AGENCY: Coast Guard, DOT.

ACTION: Final rule.

SUMMARY: Special local regulations are being adopted for the Key West Power Boat Race Association's 1986 World Cup Offshore Championship Race. This event will be held on November 4, 6, and 8, 1986 between 1100 and 1430 local time each day. The regulations are needed to promote the safety of life on navigable waters.

EFFECTIVE TIMES: These regulations become effective at 1045 local time on 04, 06, and 08 November 1986 and terminate at 1430 local time each day.

FOR FURTHER INFORMATION CONTACT: QMC L. Perry, (305) 294–4933.

SUPPLEMENTARY INFORMATION: In accordance with 5 U.S.C. 553 a notice of proposed rule making has not been published for these regulations; good cause exists for making them effective in less than 30 days from the date of publication. Following normal rule making procedures would have been impracticable. The application to hold the event was not received until 22

September 1986, and there was insufficient time remaining to publish proposed rules in advance of the event or to provide for a delayed effective date.

Drafting Information

The drafters of this regulation are QMC L. V. PERRY, project officer, USCG Group Key West, and LCDR S. T. FUGER, project attorney, Seventh Coast Guard District Legal Office.

Discussion of Regulations

The 1986 Key West World Cup Offshore Championship Race will be held from the milling area NE of Wisteria Island in Key West Harbor, to Sand Key Light thence Eastward in Hawks Channel to Eastern Sambo Daybeacon #28, thence to Boca Chica Light #56 and return to Key West Harbor with approximately 60 power boats expected to participate. Regulations are issued by Commander, U.S. Coast Guard Group Key West to promote the safety of life on the navigable waters.

List of Subjects in 33 CFR Part 100

Marine safety, Navigation (water).

PART 100—[AMENDED]

Regulations

In consideration of the foregoing, Part 100 of Title 33, Code of Federal Regulations, is amended as follows:

1. The authority citation for Part 100 continues to read as follows:

Authority: 33 U.S.C. 1233, 49 CFR 1.46 and 33 CFR 100.35.

2. A temporary § 100.35–T0715 is added to read as follows:

§ 100.35–T0715 Key West Power Boat Race Association's 1986 World Cup Offshore Championship Race.

(a) *Regulated area:* All navigable waters in an area bounded by:

(1) 24–32–42N; 81–48–46W—SW of Fort Taylor, Key West
(2) 24–32–54N; 81–48–57W—Key West Main Channel Buoy 15
(3) 24–33–39N; 81–48–42W—Key West Harbor Range Daybeacon 21
(4) 24–34–00N; 81–48–29W Key West Harbor Turning Basin Lt. 27
(5) 24–34–11. 5N; 81–48–19W—Key West Harbor Turning Basin Buoy 29
(6) 24–34–08. 5N; 81–48–09W—Key West Harbor Turning Basin Daybeacon 31
(7) 24–33–49. 5N; 81–48–09W—South West of Pier Delta-I
(8) 24–33–41N; 81–48–27W—West of Pier House, Key West
(9) 24–33–12N; 81–48–41W—West of Navy Mole.

(b) *Special local regulations.*

(1) Entry into restricted area is prohibited unless authorized by the patrol commander.
(2) Spectator boats may observe the race in the designated spectator area West of the following positions:

(a) 24–32–54N; 81–48–57W—Key West Main Channel Buoy 15
(b) 24–33–39N; 81–48–42W—Key West Hbr Range Daybeacon 21
(c) 24–34–00N; 81–48–29W—Key West Hbr Turning Basin Lt 27
(d) 24–34–11. 5N; 81–48–19W—Key West Hbr Turning Basin By 29.

(3) A succession of not less than 5 short whistle or horn blasts from a patrol vessel will be the signal for any non-participating vessel to stop immediately. The display of a red distress flare from a patrol vessel will be a signal for any and all vessels to stop immediately.

Dated: October 22, 1986

H.B. Thorsen,

Rear Admiral, U.S. Coast Guard, Commander. Seventh Coast Guard District.

[FR Doc. 86–24588 Filed 10–29–86; 8:45 am]

BILLING CODE 4910–14–M

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33 CFR Part 165

[COTP Buffalo, NY Regulation 86–05]

Safety Zone Regulations; Buffalo, NY, Niagara River

AGENCY: Coast Guard, DOT.

ACTION: Emergency rule.

SUMMARY: The Coast Guard is establishing a 3.8 Mile safety zone, that can be established and disestablished as operation permit, in the vicinity of the Peace Bridge, Buffalo, New York, Niagara River. Establishing and disestablishing of the safety zone will be broadcast to the general public utilizing the news media and Notice to Mariners in order to maximize dissemination. The zone is needed to protect the public and work vessels from a possible safety hazard associated with the barge #45 aground at stanchion #3 on the Peace Bridge. The Army Corps of Engineers is conducting salvage operations on the barge #45. During periods of establishment, entry into this zone is prohibited unless authorized by the Captain of the Port.

EFFECTIVE DATES: This regulation becomes effective on 01 November 1986 at 8:00 a.m.

It terminates on 01 December 1986 at 5:00 pm.

FOR FURTHER INFORMATION CONTACT: Captain of the Port Buffalo. New York. (716) 846–4168.

SUPPLEMENTARY INFORMATION: In accordance with 5 U.S.C. 553, a notice of proposed rule making was not published for this regulation and good cause exists for making it effective in less than 30 days after **Federal Register** publication. Publishing an NPRM and delaying its effective date would be contrary to the public interest since immediate action is needed to prevent possible damage to the vessels involved.

Drafting Information

The drafters of this regulation are LCDR D.M. Mogan, project officer for the Captain of the Port, and LCDR M.A. Leone, project attorney, Ninth Coast Guard District Legal Office.

Discussion of Regulation

The circumstances requiring this regulation result from the possible dangers and hazards to navigation associated with the barge #45 as the Army Corps of Engineers conducts its salvage operations of the barge #45 in the vicinity of the Peace Bridge, Buffalo, New York, Niagara River.

This regulation is issued pursuant to 33 U.S.C 1225 and 1231 as set out in the authority citation for all of Part 165.

List of Subjects in 33 CFR Part 165

Harbors, Marine safety, Navigation (water), Security measures, Vessels, Waterways.

PART 165—[AMENDED]

Regulation

In consideration of the foregoing, Subpart C of Part 165 of Title 33, Code of Federal Regulations, is amended as follows:

1. The authority citation for Part 165 continues to read as follows:

Authority: 33 U.S.C. 1225 and 1231; 50 U.S.C. 191; 49 CFR 1.46 and 33 CFR 1.05–1(g), 6.04–1, 6.04–6, and 160.5.

2. A new § 165.T0905 is added to read as follows:

§ 165.T0905 Safety Zone: New York, Niagara River.

(a) *Location.* The following area is a safety zone: From a starting point (1) L 42 deg.-55 min.-46 sec. N, 078 deg.-54 min. 29.8 sec. W (intersection of the International boundary line and International Bridge) then East to point (2) L 42 deg.-55 min.- 46.5 sec. N, 078 deg.-54 min.-26.5 sec. W then south, river side, along Squaw Island and outer breakwall of the Black Rock Canal to a point (3) L 42 deg.-53 min.-14.4 sec. N, 078 deg.-53 min.-43.9 sec. W then to point (4) L 42 deg.-52 min.-49.3 sec. N, 078 deg.-53 min.-45.8 sec. W then to a

point (5) L 42 deg.-52 min.-39.2 sec. N, 078 deg.-53 min.-57.1 sec. W then to point (6) L 42 deg.-52 min.-29.8 sec. N, 078 deg.-54 min.-20.2 sec. W then to point (7) L 42 deg.-52 min.-38.3 sec. N, 078 deg.-55 min.-00.7 sec. W then North along International boundary line to point (1).

(b) *Effective date.* This regulation becomes effective on 01 November 1986 at 8:00 am. It terminates on 01 December 1986 at 5:00 pm.

(c) *Regulations.* (1) In accordance with the general regulations in § 165.23 of this part, entry into this zone is prohibited unless authorized by the Captain of the Port.

Dated: October 20, 1986.

J.H. Johnson III,

Commander, U.S. Coast Guard, Captain of the Port, Buffalo, New York.

[FR Doc. 86-24589 Filed 10-29-86; 8:45 am]

BILLING CODE 4910-14-M

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33 CFR Part 165

[COTP Honolulu Reg. 86-07]

Safety Zone Regulations; Barbers Point, Oahu, HI

AGENCY: Coast Guard, DOT.

ACTION: Emergency rule.

SUMMARY: The Coast Guard is establishing a safety zone around Hawaiian Independent Refinery Inc.'s tanker mooring located approximately 1.5 miles south of Barbers Point, Oahu, Hawaii. This zone is needed to protect the various craft and divers associated with the construction and installation of a new Catenary Anchor Leg Mooring System from a safety hazard associated with the passage of waterborne craft through the construction area. Entry into this zone is prohibited unless authorized by the Captain of the Port.

EFFECTIVE DATES: This regulation becomes effective November 20, 1986 at 6:00 AM HST. It terminates December 10, 1986 at 6:00 AM HST unless terminated sooner by the Captain of the Port.

FOR FURTHER INFORMATION CONTACT: Lieutenant Commander K.W. Keane, Chief, Port Operations Department, (808) 546-7146, Marine Safety Office, Honolulu, Hawaii.

SUPPLEMENTARY INFORMATION: In accordance with 5 U.S.C. 553, a Notice of Proposed Rulemaking was not published for this regulation and good cause exists for making it effective in less than 30 days after **Federal Register** publication. Publishing an NPRM and delaying its effective date would be contrary to the public interest since immediate action is needed to prevent injury or damage to persons and equipment incident to the construction project.

Drafting Information

The drafters of this regulation are Lieutenant Commander K.W. Keane, Project Officer for the Captain of the Port, and Lieutenant Commander R. W. Bogue, Project Attorney, Fourteenth Coast Guard District Legal Office.

Discussion of the Regulation

The event requiring this regulation will begin on November 20, 1986. It involves the construction and installation of a new Catenary Anchor Leg Mooring System at Hawaiian Independent Refinery Inc.'s tanker mooring located approximately 1.5 miles south of Barbers Point, Oahu, Hawaii. Contractor vessels and divers will be operating in the area. Nearby vessel passages may make on-scene operations and diving hazardous.

This regulation is issued pursuant to 33 U.S.C. 1225 and 1231 as set out in authority citation for all of Part 165.

List of Subjects in 38 CFR Part 165

Harbors, Marine safety, Navigation (water), Security measures, Vessels, Waterways.

Regulation

In consideration of the foregoing, Subpart C of Part 165 of Title 33, Code of Federal Regulations, is amended as follows:

1. The authority citation for Part 165 continues to read as follows:

Authority: 33 U.S.C. 1225 and 1231; 50 U.S.C. 191; 49 CFR 1.46 and 33 CFR 1.05-1(g), 6.04-1, 6.04-6 and 160.5.

2. A new § 165.T1407 is added as follows:

§ 165.T1407 Safety Zone: Vicinity of Hawaiian Independent Refinery Inc.'s Tanker Mooring, Barbers Point, Oahu, Hawaii.

(a) *Location.* The following area is a safety zone: 21°17'04.5" N 158°06'11" W; to 21°16'39.2" N 158°04'22" W; to 21°15'30.8" N 158°04'48.5" W; to 21°15'53.3" N 158°06'22" W; to 21°17'04.5" N 158°06'11" W.

(b) *Effective date.* This regulation becomes effective on November 20, 1986 at 6:00 AM HST. It terminates on December 10, 1986 at 6:00 AM HST unless terminated sooner by the Captain of the Port.

(c) *Regulations.* (1) In accordance with the general regulations in § 165.23 of this part, entry into this zone is prohibited unless authorized by the Captain of the Port. Section 165.23 also contains other requirements.

Dated: October 22, 1986.

C.W. Gray,

Captain, U.S. Coast Guard, Captain of the Port, Honolulu, Hawaii.

[FR Doc. 86-24586 Filed 10-29-86; 8:45 am]

BILLING CODE 4910-14-M

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33 CFR Part 165

[COTP Sault Ste. Marie, MI. Reg. 86-4]

Safety Zone Regulations; Vicinity of Sunken Fishing Tug RAZAL BROS. Posn. 45-49.1N, 085-44.7W, Lake Michigan

October 24, 1986.

AGENCY: Coast Guard, DOT.

ACTION: Emergency rule.

SUMMARY: The Coast Guard is establishing a safety zone approx. 08 nautical miles WNW of Beaver Island MI, in the vicinity of the sunken fishing tug RAZAL BROS., at POSN. 45-49.1N, 085-44.7W, Lake Michigan.

This safety zone is established to warn against unauthorized diving operations and prevent further damage from occurring to the sunken fishing tug RAZAL BROS, while allowing authorized diving and potential salvage operations to take place. Entry into this zone is prohibited unless authorized by Captain of the Port, Sault Ste. Marie, MI.

EFFECTIVE DATES: This regulation becomes effective at 1700 G.m.t., 25 September 1986. It terminates at 1700 G.m.t., 09 January 1987.

FOR FURTHER INFORMATION CONTACT: LT. D.J. O'Shea, U.S. Coast Guard Captain of the Port Office, Sault Ste. Marie, MI. 49783-9501 Tel: (906) 635-3220.

SUPPLEMENTARY INFORMATION: In accordance with 5 U.S.C. 553, a notice of proposed rulemaking was not published for this regulation and good cause exists for making it effective in less than 30 days after **Federal Register** publication. Publishing an NPRM and delaying its effective date would be contrary to public interest since immediate action is needed to prevent further damage to the vessel involved, and to warn against unauthorized diving operations.

Drafting Information

The drafters of this regulation are LT. D.J. O'Shea, project officer for the Captain of the Port, and CDR. M.A. Leone, project attorney, Ninth Coast Guard District Legal Office.

Discussion of the Regulation

The mishap requiring this regulation resulted from the possible collision between the fishing tug RAZAL BROS. and the Yugoslavian freighter JABLANICA on the morning of 20 August 1986, with multiple loss of life. Large sections of fishing nets remain in the immediate vicinity of the sunken vessel which creates an extreme hazard to unauthorized divers.

This regulation is issued pursuant to 33 U.S.C. 1225 and 1231 as set out in the authority citation for all of Part 165.

List of Subjects in 33 CFR Part 165

Harbors, Marine safety, Navigation (water), Security measures, Vessels, Waterways.

Regulation

In consideration of the foregoing, Subpart C of Part 165 of Title 33, Code of Federal Regulations, is amended as follows:

1. The authority citation for Part 165 continues to read as follows:

Authority: 33 U.S.C. 1225 and 1231; 50 U.S.C. 191; 49 CFR 1.46 and 33 CFR 1.05–1(g), 6.04–1, 6.04–6, and 160.5.

2. A new § 165.T0904 is added to read as follows:

§ 165.T0904 Safety Zone: Site of sunken fish tug RAZAL BROS.

(a) *Location.* The following area is a safety zone: a 500 yd. radius around the fish tug RAZAL BROS. located at: POSN. 45–49.1N, 085–44.7W, approx. 08 NM WNW of Beaver Island, MI, Lake Michigan.

(b) *Effective dates.* This regulation becomes effective at 1700 G.m.t., 25 September 1986. It terminates at 1700 G.m.t., on 09 January, 1987.

(c) *Regulations.* In accordance with the general regulations in subpart 165.23 of this part, entry into this zone is prohibited unless authorized by Captain of the Port, Sault Ste. Marie, MI.

Dated: September 25, 1986.

W.S. Viglienzone,
Capt. USCG, Captain of the Port.

[FR Doc. 86–24587 Filed 10–29–86; 8:45 am]

BILLING CODE 4910-14-M

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 180

[PP 4F3108/R856; FRL–3103–2]

Pesticide Tolerances for Fenarimol

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: This rule establishes tolerances for residues of the fungicide fenarimol in or on certain raw agricultural commodities. This regulation, to establish maximum permissible levels of residues of fenarimol in or on the commodities, was requested in a petition submitted by Elanco Products Co. Elsewhere in this issue of the **Federal Register**, a feed additive regulation for fenarimol on apple pomace is also established.

EFFECTIVE DATE: Effective on December 1, 1986.

ADDRESS: Written objections, identified by the document control number [PP 4F3108/R856] may be submitted to the: Hearing Clerk (A–110), Environmental Protection Agency, Rm. M–3708, 401 M. St., SW., Washington, DC 20460.

FOR FURTHER INFORMATION CONTACT:

By mail: Henry M. Jacoby, Product Manager (PM) 21, Registration Division (TS–767C), Environmental Protection Agency, 401 M. St., SW., Washington, DC 20460.

Office location and telephone number: Rm. 227, CM#2, 1921 Jefferson Davis Highway, Arlington, VA 22202 (703–557–1900).

SUPPLEMENTARY INFORMATION: EPA issued a notice, published in the **Federal Register** of August 8, 1984 (49 FR 31756), which announced that Elanco Products Co., 740 South Alabama St., Indianapolis, IN 46285, submitted pesticide petition 4F3108 to EPA requesting that the Administrator, pursuant to section 408(d) of the Federal Food, Drug, and Cosmetic Act, propose the establishment of tolerances for the fungicide fenarimol [alpha-(2-chlorophenyl)-alpha-(4-chlorophenyl)-5-pyrimidinemethanol] in or on the raw agricultural commodities apples at 0.1 ppm, meat and meat byproducts (mbyp; except fat and liver) of cattle, goats, hogs, horses, and sheep at 0.01 ppm, and fat and liver of cattle, goats, hogs horses, and sheep at 0.1 ppm.

Elanco amended the petition (51 FR 34247, September 26, 1986) by reducing the tolerance for apples to 0.01 ppm and proposing a tolerance for kidney of cattle, goats, hogs, horses, and sheep at 0.1 ppm.

The commodity milk at .003 ppm was proposed in the petition, however, milk was inadvertently omitted in the notice of filing (49 FR 31756, August 8, 1984) and is being included in this final rule. To provide for any interested party to submit comments/objections to the .003 ppm tolerance for milk, this rule will not become effective until 30 days after publication in the **Federal Register.**

There were no comments received in response to the notices of filing.

The data submitted in support of this petition and other relevant material have been evaluated. The pesticide is considered useful for the purpose for which the tolerances are sought. The toxicological data considered in support of the tolerances include:

1. A 1-year dog feeding study using doses of 0, 1.25, 12.5, and 125 mg/kg bodyweight/day. The no-observed-effect level (NOEL) is 12.5 mg/kg bodyweight/day. The 125 mg/kg bodyweight/day dose level caused increased serum alkaline phosphatase, increased liver weights, increase in *p*-nitroanisole *o*-demethylase activity, and mild hepatic bile stasis.

2. A 2-year chronic feeding/oncogenicity study in rats using dietary concentrations of 0, 50, 130, and 350 ppm (nominal doses of 0, 2.5, 6.5, and 17.5 mg/kg bw/day). The compound did not demonstrate any significant oncogenic effects under the conditions of the study. Because of the appearance of a low incidence of fatty change of the liver in the low dose groups, it is unclear if a NOEL was established at the lowest dose tested.

3. Two 2-year chronic feeding/oncogenicity study in rats dietary concentrations of 0, 12.5, 25, and 50 ppm (nominal doses of 0, 0.63, 1.25, and 2.5 mg/kg bodyweight/day). The purpose of these experiments was to further investigate fatty liver changes. In the first of these studies there was an increased incidence of fatty change in the high dose group. This study was compromised, however, by an outbreak of chronic respiratory disease which reduced survival in all experimental groups, including control. The study was repeated with the same dose levels. In the repeat study, no fatty liver changes nor any oncogenic effects were observed at the doses tested, under the conditions of the study.

Using data from all three 2-year studies, as well as a 12-month and 18-month study, a NOEL for fatty liver change of 6.5 mg/kg bw/day was established.

4. A 2-year oncogenicity study in mice using dietary concentrations of 0, 50, 170, and 600 ppm (nominal doses of 0, 7, 24.3, and 85.7 mg/kg bw/day) that was negative for oncogenic effects at all doses tested under the conditions of the study. At 600 ppm, an increase in fatty metamorphosis of the liver was demonstrated with a NOEL of 170 ppm.

5. A rabbit teratology study that was negative for teratogenic effects at all doses tested (0, 5, 10, and 35 mg/kg).

6. A rat teratology study that demonstrated hydronephrosis at 35 mg-kg (doses tested were 0, 5, 13, and 35 mg/kg). A postpartum study in rats indicated that the dose level of 35 mg/kg

was associated with maternal toxic effect (decreased weight gain during treatment). The Agency considers the NOEL to be 13 mg/kg.

7. A multigeneration reproduction study in rats that demonstrated decreased fertility in males and delayed parturition and dystocia in females at 5 mg/kg bw/day, supporting an overall NOEL of 2.5 mg/kg bodyweight/day.

8. Multigeneration reproduction studies in guinea pigs and mice that were negative for reproduction effects at doses tested (35 and 20 mg/kg bw/day, respectively, the highest dose tested).

9. An aromatase inhibition study that showed fenarimol to be a moderately weak inhibitor of rat aromatse activity.

The adverse reproductive effects cited in item 7, is considered species-specific caused by aromatase inhibition. This enzyme promotes normal sexual behavior in rats and mice, but not guinea pigs, primates, or man. A NOEL of 35 mg/kg bw/day for reproductive effects relevant to humans was established in the multigeneration reproduction study in guinea pigs.

10. A mouse lymphoma forward mutation assay; a DNA repair synthesis study in rat liver culture systems; gene mutation assays in *salmonella typhimurium* (Ames test) and in *E. coli;* a dominant lethal assay in Wistar rats; an essay for transformation activity in the C3H/10T 1/2 embryonic mouse fibroblast; and an *in vivo* assay for chromosome abberation in the Chinese hamster. Fenarimol did not demonstrate mutagenic activity in any of these studies.

The acceptable daily intake (ADI) based on the 2-year rat chronic feeding study (NOEL of 6.5 mg/kg bw/day) and using a 100-fold safety factor is calculated as 0.065 mg/kg bw/day. The maximum permitted intake (MPI) for a 60-kg person is calculated to be 3.9 mg/day. The theoretical maximum residue contribution (TMRC) from the established and proposed tolerances is 0.0003 mg/day and utilizes 0.46 percent of the ADI. A previous tolerance has been established for fenarimol in pecans.

In a previous **Federal Register** notice (51 FR 7567, March 5, 1986), the Agency indicated the compound to be oncogenic and teratogenic. Since that time, the compound has been reevaluated. A discussion of the findings leading to the conclusion in the reevaluation follows:

The Agency's original conclusion that fenarimol was oncogenic was based on a finding of a significant increase in hepatic lesions (adenomas and hyperplastic nodules) at the highest dose tested (nominal concentration of 17.5 mg/kg bodyweight/day), when male and female rats were combined. Presently, in the analyses of oncogenic activity by the Agency, it is considered more appropriate to separate males and females and hyperplastic nodules from tumors (adenomas and carcinomas). When a re-evaluation of the hepatic lesions for males and females was performed separately with the elimination of hyperplastic nodules, the data did not demonstrate a statistically significant increased incidence in adenomas and/or carcinomas in either sex. Moreover, the mouse oncogenicity study did not demonstrate oncogenic potential at levels approaching a maximum tolerated dose (MTD).

The mutagenic potential of fenarimol has been evaluated in several assay systems (see item 10). Fenarimol did not demonstrate any significant mutagenic effect in these studies. Fenarimol did not induce altered foci or neoplastic nodules in an initiation and promotion assay for rat liver carcinogenesis.

Based on the above findings, the Agency concludes that fenarimol is not carcinogenic in the chronic feeding studies in the rat and mouse under test conditions in which the highest dose tested approched a MTD as evidenced by increased fatty metamorphosis of the liver.

On the issue of teratogenicity, the Agency evaluated a study in rats using doses of 0, 5, 13, and 35 mg/kg. This study demonstrated a significant increase of hydronephrosis at 35 mg/kg dose level. No maternal toxicity was demonstrated in this study. To further elucidate the hydronephrosis effect, the Agency evaluated a second teratology study designed to include a postpartum phase in order to evaluate the reversibility of hydronephrosis. Dosing in this study was at 0 and 35 mg/kg. Treatment-related hydronephrosis was observed both macroscopically and microspically during gestation. The microscopic examination indicated that this lesion was not totally reversible in the postpartum phase. At the 35 mg/kg dose level, there was a decrease in weight gain during the treatment period, indicating a maternal toxic response. The Agency concludes, in accordance with the Standard Guidelines for Evaluation of Teratogenic Effects, that the observed hydronephrosis effect should be considered as a developmental toxic effect occurring at a level of maternal toxicity. The NOEL for developmental toxicity is 13 mg/kg.

The nature of the residue is adequately understood and an adequate analytical method is available for enforcement purposes. Because of the long lead-time from establishing this tolerance to publication of the enforcement methodology in the Pesticide Analytical Manual Vol. II, the analytical methodolgy is being made available in the interim to anyone interested in pesticide enforcement when requested.

For copy of the enforcement methodology contract:

By mail: William Grosse, Chief, Information Service Branch, Program Management and Support Division (TS–757C), 401 M St., SW., Washington, DC 20460.

Office location and telephone number: Rm. 223, CM#2, 1921 Jefferson Davis Highway, Arlington, VA 22202, (703–557–2613).

The pesticide is considered useful for the purposes for which the tolerances are sought. Based on the information and data considered, the Agency concludes that the establishment of the tolerances will protect the public health. Therefore, the tolerances are established as set forth below.

Any person adversely affected by this regulation may, within 30 days after publication of this notice in the **Federal Register**, file written objections with the hearing Clerk, at the address given above. Such objections should specify the provisions of the regulation deemed objectionable and the grounds for the objections. If a hearing is requested, the objections must state the issues for the hearing and the grounds for the objections. A hearing will be granted if the objections are supported by grounds legally sufficient to justify the relief sought.

Pursuant to the requirement of the Regulatory Flexibility Act (Pub. L. 96–354, 94 Stat. 1164, 5 U.S.C. 601–612), the Administrator has determined that regulations establishing new tolerances or raising tolerance levels or establishing exemptions from tolerance requirements do not have a significant economic impact on a substantial number of small entities. A certification statement to this effect was published in the **Federal Register** of May 4, 1981 (46 FR 24950).

The Office of Management and Budget has exempted this rule from the requirement of section 3 of Executive Order 12291.

List of Subjects in 40 CFR Part 180

Administrative practice and procedures, Agricultural commodities, Pesticides and pests, Reporting and recordkeeping requirements.

Dated: October 23, 1986.

Douglas D. Campt,

Director, Office of Pesticide Programs.

PART 180—[AMENDED]

Therefore, 40 CFR Part 180 is amended as follows:

1. The authority citation for Part 180 continues to read as follows:

Authority: 21 U.S.C. 346a.

2. Section 180.421 is revised to read as follows:

§ 180.421 Fenarimol; tolerances for residues.

Tolerances are established for residues of the fungicide fenarimol [alpha-(2-chlorophenyl)-alpha-(4-chlorophenyl)-5-pyrimidinemethanol] in or on the following raw agricultural commodities:

Commodities	Parts per million
Apples	0.01
Cattle, fat	0.1
Cattle, meat	0.01
Cattle, mbyp	0.01
Cattle, kidney	0.1
Cattle, liver	0.1
Goat, fat	0.1
Goat, meat	0.01
Goat, mbyp	0.01
Goat, kidney	0.1
Goat, liver	0.1
Hog, fat	0.1
Hog, meat	0.01
Hog, mbyp	0.01
Hog, kidney	0.1
Hog, liver	0.1
Horse, fat	0.1
Horse, meat	0.01
Horse, mbyp	0.01
Horse, liver	0.1
Horse, kidney	0.1
Milk	0.003
Pecans	0.1
Sheep, fat	0.1
Sheep, meat	0.01
Sheep, mbyp	0.01
Sheep, kidney	0.1
Sheep, liver	0.1

[FR Doc. 86-24557 Filed 10-29-86; 8:45 am]

BILLING CODE 6560-50-M

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 2

[Gen. Docket Nos. 84-1231, 84-1233, and 84-1234]

Cellular Radio, Private Land Mobile Radio, and a Mobile Satellite Service

Correction

In FR Doc. 86-23506 beginning on page 37398 in the issue of Wednesday, October 22, 1986, make the following correction:

On page 37399 in the third column and page 37400 in the first column, in the amendments to the table in § 2.106, the capitalization for some of the entries was inaccurate, and therefore the amendments to table are republished as follows:

§ 2.106 Table of frequency allocations.

UNITED STATES TABLE		FCC USE DESIGNATORS
Government Allocation (MHz)	Non-Government Allocation (MHz)	Rule Part(s)
• • •	• • •	• • •
• • •	821-824 LAND MOBILE NG30 NG43 NG63	PRIVATE LAND MOBILE (90)
	824-849 LAND MOBILE NG30 NG43 NG63	DOMESTIC PUBLIC LAND MOBILE (22)
	849-851 LAND MOBILE NG30 NG63	Reserve
	• • •	• • •
	866-869 LAND MOBILE NG30 NG63	PRIVATE LAND MOBILE (90)
	869-894 LAND MOBILE NG30 NG63 US116 US268	DOMESTIC PUBLIC LAND MOBILE (22)
	894-896 LAND MOBILE US116 US268	Reserve
	896-901 LAND MOBILE US116 US268	PRIVATE LAND MOBILE (90)
	901-902 MOBILE US116 US268	GENERAL PURPOSE MOBILE ( )
	• • •	• • •
	935-940 LAND MOBILE US116 US215 US268	PRIVATE LAND MOBILE (90)
	940-941 MOBILE US116 US268	GENERAL PURPOSE MOBILE ( )
•	• • • • •	
1545-1549.5 AERONAUTICAL MOBILE-SATELLITE (R) (space-to-Earth) Mobile-Satellite (space-to-Earth) 722 729 US308	1545-1549.5 AERONAUTICAL MOBILE-SATELLITE (R) (space-to-Earth) Mobile-Satellite (space-to-Earth) 722 729 US308	AVIATION (87)

UNITED STATES TABLE		FCC USE DESIGNATORS
Government Allocation (MHz)	Non-Government Allocation (MHz)	Rule Part(s)
1549.5-1558.5 AERONAUTICAL MOBILE-SATELLITE (R) (space-to-Earth) MOBILE-SATELLITE (space-to-Earth) 722 729 US308	1549.5-1558.5 AERONAUTICAL MOBILE-SATELLITE (R) (space-to-Earth) MOBILE-SATELLITE (space-to-Earth) 722 729 US308	AVIATION (87)
1558.5-1559 AERONAUTICAL MOBILE-SATELLITE (R) (space-to-Earth) 722 729 US308	1558.5-1559 AERONAUTICAL MOBILE-SATELLITE (R) (space-to-Earth) 722 729 US308	AVIATION (87)
• • •	• • •	• • •
1646.5-1651.0 AERONAUTICAL MOBILE-SATELLITE (R) (Earth-to-space) Mobile-Satellite (Earth-to-space) 722 735 US39 US308	1646.5-1651.0 AERONAUTICAL MOBILE-SATELLITE (R) (Earth-to-space) Mobile-Satellite (Earth-to-space) 722 735 US39 US308	AVIATION (87)
1651-1660 AERONAUTICAL MOBILE-SATELLITE (R) (Earth-to-space) MOBILE-SATELLITE (Earth-to-space) 722 735 US39 US308	1651-1660 AERONAUTICAL MOBILE-SATELLITE (R) (Earth-to-space) MOBILE-SATELLITE (Earth-to-space) 722 735 US39 US308	AVIATION (87)
1660-1660.5 AERONAUTICAL MOBILE-SATELLITE (R) (Earth-to-space) RADIO ASTRONOMY 722 735 736 US308	1660-1660.5 AERONAUTICAL MOBILE-SATELLITE (R) (Earth-to-space) RADIO ASTRONOMY 722 735 736 US308	AVIATION (87)
• • • • •		

U.S. Footnotes

• • • • • •

US308 In the frequency bands 1549.5—1558.5 MHz and 1651—1660 MHz, the Aeronautical-Mobile-Satellite (R) requirements that cannot be accommodated in the 1545-1549.5 MHz, 1558.5-1559 MHz, 1646.5-1651 MHz and 1660-1660.5 MHz bands shall have priority access in the Mobile-Satellite service. All other users of the Mobile-Satellite service are subject to preemption based upon this priority access.

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BILLING CODE 1505-01-M

Proposed Rules

Federal Register
Vol. 51, No. 210
Thursday, October 30, 1986

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Parts 36 and 91

[Docket No. 25109; Notice No. 86-16]

Noise Standards; Civil Supersonic Aircraft Noise Type Certification Standards and Operating Rules

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Advance Notice of Proposed Rulemaking (ANPRM).

SUMMARY: The Federal Aviation Administration is considering rulemaking to establish noise standards for the type certification of civil supersonic aircraft and to establish a corresponding operating rule for such airplanes. These actions would involve amending Parts 36 and 91 of the Federal Aviation Regulations (FAR). Currently, except for certain Concorde airplanes, any civil supersonic airplane operated at an airport in the U.S. must comply with the 1977 Stage 2 noise limits contained in FAR Part 91. However, other civil turbojet aircraft must meet more stringent standards to be certificated by the FAA. This advance notice is issued to solicit information on the economic reasonableness and technological feasibility of prescribing more definitive type certification and operating rules for such aircraft.

DATES: Comments must be received on or before February 27, 1987.

ADDRESSES: Send comments on the rule in duplicate to: Federal Aviation Administration, Office of the Chief Counsel, Attn: Rules Docket (AGC-204), Docket No. 25109, 800 Independence Ave. SW., Washington, DC 20591;

Or deliver comments in duplicate to: FAA Rules Docket, Room 916, 800 Independence Ave. SW., Washington, DC 20591.

Comments may be examined in the Rules Docket, weekdays except Federal Holidays, between 8:30 a.m. and 5:00 p.m.

FOR FURTHER INFORMATION CONTACT: Mr. Richard Tedrick, Noise Policy and Regulatory Branch (AEE-110), Noise Abatement Division, Office of Environment and Energy, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591; telephone (202) 267-3558.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested persons are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasonable regulatory decisions on the proposals. Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposals. Communications should identify the regulatory docket or notice number and be submitted in duplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Docket No. 25109." The postcard will be date/time stamped and returned to the commenter. All communications received before the specified closing date for comments will be considered by the Administrator before taking action on the proposed rule. The rulemaking concepts discussed in this advance notice may be changed in the light of comments received. All comments submitted will be available for examination in the Rules Docket both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of ANPRMS

Any person may obtain a copy of this advance notice of proposed rulemaking (ANRPM) by submitting a request to the Federal Aviation Administration, Office of Public Affairs, Attention: Public Information Center, APA-200, 800 Independence Avenue SW., Washington, DC 20591, or by calling (202) 267-3479. Communications must identify the notice number of this ANPRM. Persons interested in being placed on a mailing list for future NPRMs should also request a copy of Advisory Circular No. 11-2 which describes the application procedure.

Advance Notice

This advance notice of proposed rulemaking is issued in accordance with the FAA's policy or early institution of public proceedings in actions related to rulemaking. An "advance" notice of proposed rulemaking is issued when it is found that the resources of the FAA and reasonable inquiry outside the FAA do not yield a sufficient basis to identify and select tentative or alternative courses of action upon which a rulemaking procedure might be undertaken, or when it would otherwise be helpful to invite early public participation in the identification and selection of such tentative or alternative courses of action. This latter purpose provides the basis for this advance notice of proposed rulemaking. Thus, this advance notice is the first step toward what may become new regulations affecting type certification and operation of future supersonic airplane types.

Regulatory Background

Parts 21, 36, and 91 of the Federal Aviation Regulations (14 CFR Parts 21, 36 and 91) were amended June 26, 1978 (published in 43 FR 28406, June 29, 1978), to add noise and sonic boom type certification and operational requirements for civil supersonic airplanes. These rules (1) require all civil supersonic airplanes (SSTs), except Concordes with flight time before January 1, 1980, to comply with the Stage 2 noise limits of Part 36 that were applied in 1969 to subsonic airplanes in order to operate at an airport in the U.S.; (2) prohibit the issuance of U.S. Standard Airworthiness Certificates to Concordes that did not have flight time before January 1, 1980, and that do not meet State 2, (3) prohibit the operation in the U.S. of the excepted Concorde airplanes if they have been modified in a manner that increases their noise; (4) prohibit scheduled operations of the excepted Concorde airplanes at U.S. airports between 10 p.m. and 7 a.m.; and (5) prohibits SSTs that are operating outside the U.S. from causing sonic booms in the U.S. when flying to or from U.S. airports. The preamble to these

amendments further stated that it was the "FAA's goal . . . not to certificate, or permit to operate in the United States, any future design SST that does not meet standards then applicable to subsonic airplanes." Currently, new subsonic turbojet airplanes and their derivatives are required to meet Part 36 Stage 3.

Technical Considerations

Although only one type of civil SST, the Anglo-French Concorde, is currently operating, it is entirely possible that several other types may be developed within the next few years. Several nations, in fact, have preliminary design studies underway to determine more exact mission requirements and technological feasibilities. These aircraft range from an up-graded Concorde to the hypersonic "Orient Express." The wide range of propulsion systems and civil missions under consideration make it difficult at this time to adequately assess either the environmental or economic consequences of any proposed regulatory alternative. However, it is important that both airplane designers and airport planners begin to consider the possible noise impacts of these new aircraft.

Specifically, the FAA is seeking information on the types of engines or other propulsion systems that may be used, on the availability of noise reduction technology for those engines, and the noise/performance/cost tradeoffs in applying that technology.

Regulatory Policy Considerations

Noise certification of new aircraft types under Part 36 is currently limited to subsonic airplanes. Operations of supersonic aircraft are limited by §§ 91.55, 91.309, and 91.311, as described above. The FAA needs to ascertain whether this approach is sufficiently conducive to the orderly development of economically and environmentally sound aircraft. This advance notice is the first step toward development of appropriate certification standards and operating rules. It should be noted that this potential regulatory action is intended to propose criteria which must be met prior to the issuance of a type certificate for future civil supersonic aircraft. Primarily, this involves the noise characteristics of the airplane during takeoff and landing at a civil airport.

Early public participation is welcomed in the development of the fundamental policies to be applied in establishing noise ceilings for civil supersonic aircraft. While comments, views, and opinions on any facet of the issues involved are welcome, comments are particularly sought on the following primary problems:

(1) The extent to which the current (Stage 3) noise standards now applicable to subsonic tubojet-powered aircraft could be applied to future-generation SSTs. Comments should specifically address the requirements of section 611(b)(4) of the Federal Aviation Act of 1958 (as amended), that the Administrator, in issuing noise regulations, shall consider whether any proposed standard, rule, or regulation is "economically reasonable, technologically practicable, and appropriate for the particular type of aircraft."

(2) The appropriateness of using operational rules to ensure that foreign-built and certificated aircraft serving U.S. airports are subject to the same limitations and controls as those aircraft types certificated in the U.S.

(3) Methods to ensure that use of the regulatory authority under section 611 is made, with respect to civil supersonic aircraft, without undue Federal impact on the orderly growth of the national airspace system capacity and without Federal interference with the rights of states or local public agencies, as the proprietors of airports, to establish requirements as to the permissible level of noise which can be created by aircraft using their airports.

(4) The development of economic incentives for reducing the noise levels of civil supersonic aircraft.

Economic Impact and Benefits

Public comments concerning the economic impact and benefits are specifically sought in addition to comments on the technical aspect of the proposed airworthiness standard.

Agencies of the Federal Government are required by Executive Order 12291 to examine any proposed regulation to ascertain its economic impact and to adopt only those regulatory programs in which potential benefits to society clearly outweigh the potential costs to society. Any regulatory proposal by the FAA must be accompanied by an evaluation quantifying and/or qualifying, to the extent possible, the benefits and cost of such proposals. Although the FAA does not have sufficient information to generate definitive costs at this time, preliminary evaluation indicates that they would not be great. However, if comments to the Docket for this ANPRM indicate this assumption is erroneous, a complete cost evaluation will be prepared. Therefore, it is essential that comments for or against the proposal discussed here include the economic impact as perceived by the commenter.

Although we do not expect the ANPRM to be controversial, we are mindful that previous regulatory actions concerning supersonic aircraft noise have generated significant public controversy. Therefore, the ANPRM is classified as significant under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979).

Specific Regulatory Questions

As stated above, it is proposed to amend Parts 36 and 91 to add provisions specifically appropriate to new types of SSTs and their derivatives. The FAA believes that the basic three-point measurement system (i.e., takeoff, approach, and sideline) currently used in Part 36 for subsonic turbojets can be extended to supersonic aircraft. However, some or all supersonic aircraft may be sufficiently different from subsonic aircraft to justify a comprehensive review of the appropriateness of details of Part 36. For example, some advanced aircraft concepts discussed in the open literature may employ disposable rocket-or jet-assisted propulsion during takeoff. Also, the deceleration and steep descent angles envisaged for use during approach may be well outside current allowable Part 36 noise certification test windows. Public comment is therefore requested concerning the application of Part 36 to the new technology supersonic aircraft, with particular attention being given to the following:

(1) The changes, if any, to the aircraft noise measurement conditions of Appendix A of Part 36 that would be appropriate for supersonic aircraft, with respect to general test conditions, noise measurement procedures, and aircraft conditions.

(2) The extent to which the class of supersonic aircraft should be divided into subclasses for the purpose of establishing noise ceilings and measurement concepts.

(3) Factors, peculiar to supersonic aircraft, that should be considered by the Administrator to assure that supersonic aircraft noise regulations are consistent with the highest degree of safety in air commerce or air transportation.

Lists of Subjects

14 CFR Part 36

Aircraft certification, Aircraft noise levels, Supersonic aircraft.

14 CFR Part 91

Aircraft operations, Aircraft noise levels, Airports.

PART 36—[AMENDED]

The authority citation for Part 36 continues to be as follows:

Authority: 49 U.S.C. 1344, 1348, 1354(a), 1355, 1421, 1423, 1424, 1425, 1428, 1429, 1430, 1431(b), 1651(b)(2), 2121, through 2125; 42 U.S.C. 4321 et seq.; Sec. 124 of Pub. L. 08–473, E.O. 11514, 49 U.S.C. 106(g) (Revised Pub. L. 97–449, January 12, 1983).

PART 91—[AMENDED]

The authority citation for Part 91 continues to be as follows:

Authority: 49 U.S.C. 1301(7), 1303, 1344, 1348, 1352 through 1355, 1401, 1421 through 1431, 1471, 1472, 1502, 1510, 1522, and 2121 through 2125; Articles 12, 29, 31, and 32(a) of the Convention on International Civil Aviation (61 Stat. 1180); 42 U.S.C. 4321 *et seq.*; E.O. 11514; 49 U.S.C. 106(g) (Revised Pub. L. 97–449, January 12, 1983).

Issued in Washington DC, on October 24, 1986.

Norman H. Plummer,

Director of Environment and Energy.

[FR Doc. 86–24503 Filed 10–29–86; 8:45 am]

BILLING CODE 4910–13–M

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14 CFR Part 75

[Airspace Docket No. 86–AWA–58]

Proposed Alteration and Establishment of Jet Routes; Expanded East Coast Plan

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Supplemental notice of proposed rulemaking.

SUMMARY: This supplemental notice amends an earlier notice in which the FAA proposed to alter the descriptions of Jet Routes J–48, J–80 and J–563 and establish new J–228. This action redescribes the description of the proposed new Jet Route J–228 by extending it from Sparta, NJ, to the Canadian border. The FAA has determined that J–228 would enhance the Expanded East Coast Plan (EECP) by extending the route to the Canadian boundary. In addition, new Jet Route J–230 is proposed in order to facilitate Standard Instrument Departures (SID's) over Robbinsville, NJ, for westbound traffic via Bellaire, OH, and the current Jet Route J–80. These actions would improve traffic flow, reduce controller workload and aid flight planning.

DATES: Comments must be received on or before December 15, 1986.

ADDRESSES: Send comments on the proposal in triplicate to: Director, FAA, Eastern Region, Attention: Manager, Air Traffic Division, Docket No. 86–AWA–58, Federal Aviation Administration, JFK International Airport, The Fitzgerald Federal Building, Jamaica, NY 11430.

The official docket may be examined in the Rules Docket, weekdays, except Federal holidays, between 8:30 a.m. and 5:00 p.m. The FAA Rules Docket is located in the Office of the Chief Counsel, Room 916, 800 Independence Avenue SW., Washington, DC.

An informal docket may also be examined during normal business hours at the office of the Regional Air Traffic Division.

FOR FURTHER INFORMATION CONTACT: Lewis W. Still, Airspace and Air Traffic Rules Branch (ATO–230), Airspace—Rules and Aeronautical Information Division, Air Traffic Operations Service, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591; telephone: (202) 267–9254.

SUPPLEMENTARY INFORMATION:

Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, economic, environmental, and energy aspects of the proposal. Communications should identify the airspace docket and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this notice must submit with those comments a self-addressed, stamped postcard on which the following statement is made: "Comments to Airspace Docket No. 86–AWA–58." The postcard will be date/time stamped and returned to the commenter. All communications received before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this notice may be changed in the light of comments received. All comments submitted will be available for examination in the Rules Docket both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

Availability of NPRM's

Any person may obtain a copy of this Supplemental Notice of Proposed Rulemaking (SNPRM) by submitting a request to the Federal Aviation Administration, Office of Public Affairs, Attention: Public Inquiry Center, APA–230, 800 Independence Avenue, SW., Washington, DC 20591, or by calling (202) 267–3484. Communications must identify the notice number of this SNPRM. Persons interested in being placed on a mailing list for future SNPRM's should also request a copy of Advisory Circular No. 11–2 which describes the application procedure.

The Proposal

On September 30, 1986, the FAA proposed to alter the descriptions of J–48, J–80 and J–563 and establish new J–228 (51 FR 34651). This supplemental notice proposes to amend the earlier notice by extending J–228 from Sparta, NJ, to the Canadian border. In addition, J–230 is proposed in order to facilitate SID's serving Robbinsville, NJ, and Jet Route J–80. Section 75.100 of Part 75 of the Federal Aviation Regulations was republished in Handbook 7400.6B dated January 2, 1986.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a "major rule" under Executive Order 12291; (2) is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 75

Aviation safety, Jet routes.

The Proposed Amendment

PART 75—[AMENDED]

Accordingly, pursuant to the authority delegated to me, the Federal Aviation Administration proposes to amend Part 75 of the Federal Aviation Regulations (14 CFR Part 75) as follows:

1. The authority citation for Part 75 continues to read as follows:

Authority: 49 U.S.C. 1348(a), 1354(a), 1510; Executive Order 10854; 49 U.S.C. 106(g) (Revised Pub. L. 97–449, January 12, 1983); 14 CFR 11.69.

§ 75.100 [Amended]

2. § 75.100 is amended as follows:

J-228 [New]

From Montreal, Canada; Plattsburgh, NY; Albany, NY; Sparta, NJ; Broadway, NJ; Lancaster, PA; INT Lancaster 239 °T(248 ° M) and Linden, VA, 042° T(048 °M) radials; Linden; INT Linden 242 °T(240 °M) and Beckley, WV, 065 °T(071 °M) radials; to Beckley. The airspace within Canada is excluded.

J-230 [New]

From Robbinsville, NJ; INT Robbinsville 264 °T(274 °M) and Bellaire, OH, 090 °T(094 °M) radials; to Bellaire.

Issued in Washington, DC, on October 23, 1986.

Daniel J. Peterson,

Manager, Airspace—Rules and Aeronautical Information Division.

[FR Doc. 86-24504 Filed 10-29-86; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

27 CFR Part 7

[Notice No. 610]

Use of the Terms "Cereal Beverage," "Near Beer," "Alcohol-Free," and "Non-Alcoholic" in the Labeling and Advertising of Malt Beverages

AGENCY: Bureau of Alcohol, Tobacco and Firearms (ATF), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: With the increasing emergence on the market of malt beverage products containing less than one-half of 1 percent (.5%) alcohol by volume, ATF believes that there is a need to clarify in the regulations in 27 CFR Part 7 that these products shall continue to be designated on labels and in advertisements as "malt beverage," "cereal beverage," or "near beer." In addition, ATF is proposing to incorporate into the regulations ATF Rul. 85-11, concerning the use of the terms "non-alcoholic" and "alcohol-free" on malt beverage labels and in advertisements.

ATF believes that industry members should be provided with specific guidelines concerning the use of the terms "cereal beverage," "near beer," "non-alcoholic," and "alcohol-free" so that consumers will be better informed as to the identity of such products containing little or no alcohol, and believes this issue should be aired in a rulemaking proceeding.

DATE: Written comments must be received on or before January 28, 1987.

ADDRESS: Send written comments to: Chief, FAA, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms, P.O. Box 385, Washington, DC 20044-0385, ATTN: Notice No. 610.

FOR FURTHER INFORMATION CONTACT: James P. Ficaretta, FAA, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms, Washington, DC 20226 (202-566-7626).

SUPPLEMENTARY INFORMATION:

Background

Section 5 (e) and (f) of the Federal Alcohol Administration Act (FAA Act), 27 U.S.C. 205 (e) and (f), provides, in general terms, that malt beverage labeling and advertising shall not contain any statement which is false, misleading, deceptive, or likely to mislead the consumer regarding the product. In addition, section 5 (e) and (f) authorizes the Secretary to prescribe such regulations as will provide the consumer with adequate information as to the identity and quality of the malt beverage product, except that statements of, or statements likely to be considered as statements of, alcoholic content of malt beverages are prohibited unless required by State law.

The term "malt beverage" is defined in section 17(a)(8) of the FAA Act, 27 U.S.C. 211(a)(7), and its implementing regulation, 27 CFR 7.10, as follows:

> . . . [A] beverage made by the alcoholic fermentation of an infusion or decoction, or combination of both, in potable brewing water, of malted barley with hops, or their parts, or their products, and with or without other malted cereals, and with or without the addition of unmalted or prepared cereals, other carbohydrates or products prepared therefrom, and with or without the addition of carbon dioxide, and with or without other wholesome products suitable for human food consumption.

Neither the law, nor the regulations, contain any reference to a minimum level of alcohol content before a product is considered a "malt beverage." The legislative history of the FAA Act clearly shows that Congress intentionally omitted any minimum alcoholic content from the definition in order to bring all malt beverages within the purview of the statute, regardless of alcohol content. In this regard, the report of the Committee on Ways and Means on the Federal Alcohol Control Bill stated: "The definition of malt beverages . . . is a technical one designed to cover the beverage products of the brewing industry and includes such products regardless of their alcoholic content." H.R. Rep. No. 1542, on H.R. 8870, 74th Cong., 1st Sess. 16 (1935).

Thus, the labeling and advertising provisions of the FAA Act apply to malt beverages containing less than one-half of 1 percent (.5%) alcohol by volume.

Designation of Malt Beverages Containing Less Than One-Half of 1 Percent Alcohol by Volume

The regulations at 27 CFR 7.22(a)(2) and 7.52(b), provide that a class designation must appear on the labels of, and in the advertising of, all malt beverages. Section 7.24(a) further provides that the statement of class and type for malt beverages shall conform to the designation of the product as known to the trade. In this regard, § 7.24(d) prohibits any product containing less than one-half of 1 percent of alcohol by volume from bearing the designation "beer," "ale," "porter," etc.

The current § 7.24(d) reflects historic trade and consumer recognition that the reference to a product as a "beer" means that the product contains not less than .5% alcohol by volume. This recognition has been embodied in rulings or regulations dating back farther than Prohibition. For example, on February 5, 1908, the Treasury Department issued T.D. 1307, confirming its position that (malt) beverages containing less than .5 percent alcohol by volume could not be classed as "beer, lager beer, ale, [or] porter."

Subsequent to ratification of the Eighteenth Amendment on January 29, 1919, the National Prohibition (Volstead) Act was enacted on October 28, 1919. As specified in Title I of that Act, the word " 'beer, . . .' shall be hereafter construed to mean any such beverage(s) which contain(s) one-half of 1 per centum or more of alcohol by volume."

With the repeal of Prohibition, and prior to enactment of the FAA Act in 1935, Misbranding Regulations, Series 8, Section 6, issued by ATF's predecessor agency, the Federal Alcohol Control Administration (FACA) provided, with respect to labeling, that ". . . no product containing less than ½ of one percentum of alcohol by volume shall be labeled as 'beer', ..."

Thereafter, following enactment of the FAA Act, misbranding regulations were proposed which included a standard of identity for "beer." As specified in Article II, Sec. 21, Class 1, " 'Beer' is a malt beverage produced by bottom fermentation, . . . containing not less than ½ of one percentum of alcohol by volume. . . ." After hearings were held on the proposed misbranding regulations, final regulations were issued in late 1936. In a manner similar to § 7.24(d), Regulation No. 7 stated that "[N]o product containing less than one-half of one per centum of alcohol by volume shall bear the class designation(s) 'beer' . . . ."

Malt beverage products containing less than .5% alcohol by volume, on the other hand, have historically been referred to in the regulations and in rulings as "cereal beverage" or "near beer." For example, Article II, Sec. 21, Class 7 of the misbranding regulations initially proposed under the FAA Act provided for a class of malt beverages as follows, "cereal beverages" are "malt beverages which contain less than ½ of one percentum of alcohol by volume." The final regulation issued in November 1936, as Regulations No. 7, stated in Article II, Sec. 22(a)(2), that the class of malt beverage, such as "cereal beverage," "near beer," "beer," etc. had to appear in the brand label as mandatory information.

Furthermore, under regulations at 27 CFR 25.11 (previously codified at 27 CFR 245.5) and issued pursuant to the Internal Revenue Code of 1954, a cereal beverage is defined as "a beverage, produced . . . from malt . . ., and either fermented or unfermented, which contains, when ready for consumption, less than one-half of 1 percent of alcohol by volume."

Finally, Rev. Rul. 57–322, 1957–2, C.B. 930, held that the term "near beer" may also be used, as an alternative to "cereal beverage." However, the ruling further provided that the words "near" and "beer" must be printed in identically the same size and style of type, and in the same color of ink and on the same background, in order that the product would be clearly distinguished from (taxable) beer.

The terms "cereal beverage" and "near beer" have for many years been used to designate malt beverages containing less than .5% alcohol by volume. With the increasing emergence on the market of these products, ATF believes it would be beneficial to the consumer, and to the trade, to expressly provide in the regulations that malt beverage products containing less than .5% alcohol by volume shall bear the class designation "malt beverage," "cereal beverage," or "near beer." ATF further proposes to incorporate Rev. Rul. 57–322 into the regulations to provide specific guidelines in connection with the labeling of a product as "near beer." Accordingly, Rev. Rul 57–322 would be superseded.

"Non-Alcoholic" and "Alcohol-Free"

Since Prohibition, malt beverages containing less than .5% alcohol by volume have been further designated as "non-alcoholic." These products were legal during Prohibition because the alcohol level was so low they were not considered "alcohol beverages."

In more recent years, some producers began to market malt beverages containing no detectable level of alcohol. These products were labeled and advertised as being "alcohol-free." In addition, ATF found that even those products historically labeled as "non-alcoholic" were also being labeled as "alcohol-free."

With the emergence of such products, ATF was concerned that consumers and industry members would consider these terms to be synonymous, both meaning the product contained *no* alcohol when, in fact, the "non-alcoholic" product could contain trace amounts of alcohol. In response to this concern and recognizing that the FAA Act prohibits statements from appearing on a label that would be likely to mislead the consumer, ATF Rul. 85–11, A.T.F. Q.B. 1985–3, 42, was issued.

ATF Rul. 85–11 held that only malt beverage products which contain no alcohol may be labeled or advertised as "alcohol-free." This is consistent with the Food and Drug Administration's (FDA) policy in that alcohol-free claims on labels of foods that contain alcohol render the food misbranded under the provisions of the Federal Food, Drug, and Cosmetic Act and are subject to regulatory action.

ATF Rul. 85–11 further held that malt beverages labeled or advertised as "non-alcoholic" must include the statement "contains less than 0.5 percent alcohol by volume," in direct conjunction with that term.

ATF believes that this qualification fully protects the consumer who sees a product labeled as "non-alcoholic" from being misled regarding the presence of trace amounts of alcohol in the product. FDA also encourages use of this qualification statement with the term "non-alcoholic" in the labeling of similar products under their jurisdication, such as de-alcoholized wines. To further insure that the consumer is not misled, ATF is also proposing that the statement "contains less than 0.5 percent alcohol by volume" appear in readily legible printing and on a completely contrasting background.

Requiring qualification statements on labels of malt beverages containing less than .5% alcohol by volume is not something new. Prior to passage of the FAA Act, ATF's predecessor agency, FACA, issued regulations on January 12, 1935, that included a provision for a qualification statement similar to that imposed by ATF Rul. 85–11. Specifically, Misbranding Regulations Series 8, Section 9, provided that "products containing less than 1/2 of one per centum of alcohol by volume shall be labeled 'Contains less than 1/2 of one percentum of alcohol by volume.' "

Furthermore, ATF believes the FAA Act does not preclude statements indicating that the alcohol content of the malt beverage is *below* the range of alcohol content found in regular malt beverages. Although, as noted earlier, statements of *actual* alcohol content are prohibited by statute, the legislative history of the FAA Act indicates the phrase "statements likely to be considered as statements of alcoholic content" relates only to statements representing the malt beverage as being *high* in alcohol content. Thus, except where required by State law, 27 CFR 7.29(f) prohibits references to "strong," "full strength" and similar words or statements from appearing on labels of malt beverages. Similar prohibitions exist for advertising, without references to State law requirements, under 27 CFR 7.54(c). This issue was addressed in ATF Rul. 84–1, A.T.F. Q.B. 1984–2, 35.

In accordance with its statutory mandate, ATF believes that ATF Rul. 85–11 adequately protects the consumer from receiving any false or misleading impression concerning the meaning of the terms "alcohol-free" and "non-alcoholic" on labels and in advertising of malt beverage products and is, therefore, proposing to incorporate the provisions of ATF Rul. 85–11 into the regulations. Accordingly, ATF Rul. 85–11 would be superseded.

"Moussy" Petition

Subsequent to the issuance of ATF Rul. 85–11, ATF received a petition on behalf of Cardinal Brewery Fribourg, S.A. (Cardinal Brewery), to amend the regulations in 27 CFR Part 7, relating to the labeling and advertising of malt beverages. The petitioner is the brewer of Moussy brand malt beverage, a product imported from Switzerland, containing less than one-half of 1 percent alcohol by volume.

In their petition, Cardinal Brewery has requested, in part, that the regulations be amended to permit disclosure of the actual alcohol content in the labeling and advertising of malt beverages. In the alternative, Cardinal Brewery has requested the establishment of two categories for malt beverages containing less than .5% alcohol by volume—(a) "Alcohol-free" for malt beverages containing alcohol at or below .05% by volume, and; (b) "Non-alcoholic" or "Low alcohol" for malt beverages containing more than .05% alcohol by volume, but less than .5% alcohol by volume.

With respect to the petitioner's initial proposal, the FAA Act prohibits

statements of *actual* alcohol content in the labeling and advertising of malt beverages, unless required by State law. Therefore, legislative action would be necessary before ATF could permit actual alcohol content disclosure for malt beverages.

Turning to Cardinal Brewery's alternative proposal, the petitioner's criteria for use of the terms "alcohol-free" and "non-alcoholic" is not the same as that being proposed by ATF in this notice. ATF desires to solicit comments on the definitions proposed by Cardinal Brewery.

Finally, use of the terms "low alcohol" and "reduced alcohol" in the labeling and advertising of malt beverages is being addressed in another notice of proposed rulemaking, Notice No. 600, published in the **Federal Register** on August 12, 1986 (51 FR 28836).

Executive Order 12291

In compliance with Executive Order 12291, 46 FR 13193 (1981), ATF has determined that this proposal is not a major rule since it will not result in:

(a) An annual effect on the economy of $100 million or more;

(b) A major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; or

(c) Significant adverse effects on competition, employment, investment, productivity, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

Regulatory Flexibility Act

The provisions of the Regulatory Flexibility Act relating to an initial and final regulatory flexibility analysis (5 U.S.C. 603, 604) are not applicable to this proposal because the notice of proposed rulemaking, if promulgated as a final rule, will not have a significant economic impact on a substantial number of small entities. The proposal will not impose, or otherwise cause, a significant increase in reporting, recordkeeping, or other compliance burdens on a substantial number of small entities. The proposal is not expected to have significant secondary or incidential effects on a substantial number of small entities.

Accordingly, it is hereby certified under the provisions of section 3 of the Regulatory Flexibility Act (5 U.S.C. 605(b)), that this notice of proposed rulemaking, if promulgated as a final rule, will not have a significant economic impact on a substantial number of small entities.

Paperwork Reduction Act

The requirement to collect information proposed in this notice has been submitted to the Office of Management and Budget for review under section 3504(h) of the Paperwork Reduction Act of 1980, Pub. L. 96–511, 44 U.S.C. Chapter 35. Comments relating to ATF's compliance with 5 CFR Part 1320—Controlling Paperwork Burdens on the Public should be submitted to: Office of Information and Regulatory Affairs, Attention: ATF Desk Officer, Office of Management and Budget, Washington, DC 20503.

Public Participation

ATF requests comments from all interested persons. All comments received on or before the closing date will be carefully considered. Comments received after the closing date and too late for consideration will be treated as possible suggestions for future action.

ATF will not recognize any material as confidential. Comments may be disclosed to the public. Any material which the commenter considers to be confidential or inappropriate for disclosure should not be included in the comment. The name of the person submitting the comment is not exempt from disclosure.

During the comment period, any person may request an opportunity to present oral testimony at a public hearing. However, the Director reserves the right, in light of all circumstances, to determine if a public hearing is necessary.

Disclosure

Copies of this notice and the written comments will be available for public inspection during normal business hours at: ATF Reading Room, Disclosure Branch, Room 4406, Ariel Rios Federal Building, 1200 Pennsylvania Avenue NW., Washington, DC.

List of Subjects in 27 CFR Part 7

Advertising, Beer, Consumer protection, Customs duties and inspection, Imports, Labeling.

Drafting Information

The principal author of this document is James P. Ficaretta, FAA, Wine and Beer Branch, Bureau of Alcohol, Tobacco and Firearms.

Authority and Issuance

27 CFR Part 7—LABELING AND ADVERTISTING OF MALT BEVERAGES is amended to read as follows:

Paragraph 1. The authority citation for 27 CFR Part 7 continues to read as follows:

Authority: 27 U.S.C. 205.

Par. 2. Section 7.24 is amended by adding two new sentences at the beginning of paragraph (d) to read as follows:

§ 7.24 Class and type.

* * * * *

(d) Products containing less than one-half of 1 percent (.5%) of alcohol by volume shall bear the class designation "malt beverage," "cereal beverage," or "near beer." If the designation "near beer" is used, both words must appear in the same size and style of type, in the same color of ink, and on the same background. * * *

* * * * *

Par. 3. Section 7.26 is amended by redesignating the existing paragraph as (a), and adding new paragraphs (b) and (c) to read as follows:

§ 7.26 Alcoholic content.

(a) * * *

(b) The term "non-alcoholic" may be used, provided the statement "contains less than 0.5 percent alcohol by volume" appears in direct conjunction with it, in readily legible printing and on a completely contrasting background.

(c) The term "alcohol-free" may be used only on malt beverage products containing no alcohol.

Par. 4. Section 7.54 is amended by adding a new sentence at the end of existing paragraph (c) to read as follows:

§ 7.54 Prohibited statements.

* * * * *

(c) *Alcohol content.* * * * This does not preclude use of the terms "non-alcoholic" and "alcohol-free," as used on labels, in accordance with §§ 7.26 (b) and (c).

* * * * *

Signed: September 25, 1986.

Stephen E. Higgins,

Director.

Approved: October 15, 1986.

Michael H. Lane,

Acting Assistant Secretary (Enforcement).

[FR Doc. 86–24593 Filed 10–29–86; 8:45 am]

BILLING CODE 4810–31–M

PANAMA CANAL COMMISSION

35 CFR Part 119

Licensing of Officers

AGENCY: Panama Canal Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Panama Canal Commission is proposing to amend

§ 119.103 of Title 35, Code of Federal Regulations, which establishes the experience requirements for determining eligibility for the license of mate of steam or motor vessels. The proposed amendment will establish a new avenue by which an applicant for a mate's license can qualify to sit for the license examination by including graduates of the Commission's tugboat mate apprentice program. It will also permit an applicant to qualify for a mate's license based upon his equivalent experience, as determined by a review board composed of three Commission officials.

DATE: Written comments should be submitted on or before December 1, 1986.

ADDRESSES: Comments should be sent to Secretary, Panama Canal Commission, 2000 "L" Street NW., Suite 550, Washington, DC 20036–4996 or Panama Canal Commission, Office of General Counsel, APO Miami, Florida 34011–5000.

FOR FURTHER INFORMATION CONTACT: Mr. Michael Rhode, Jr., Secretary, Panama Canal Commission, telephone: (202) 634–6441, or Mr. John L. Haines, Jr., General Counsel, telephone in Balboa Heights, Republic of Panama, 011–507–52–7511.

SUPPLEMENTARY INFORMATION: Present Commission regulations contained in 35 CFR 119.103 provide that an applicant for a license as mate, steam or motor vessels, can qualify to sit for the examination in one of two ways. The first requires an applicant to have graduated from an approved maritime academy and to be participating in a Commission training program for Master, steam or motor vessels. The second requires that the applicant hold a mate's license issued by an authority other than the Panama Canal and have stood at least 260 eight-hour watches as a licensed officer in charge of a deck watch on steam or motor vessels over 75 feet in length engaged in towing.

The principal change being proposed is to establish the Canal Commission's apprentice program for mate, towboat, as a route to qualify to sit for a mate's license. Under the apprentice program, an individual who has not graduated from a maritime academy can qualify for the apprentice program, completion of which will qualify him for the Commission's mate trainee program.

It is proposed to revise paragraph (b) of § 119.103 to permit an individual who has graduated from the apprentice program and then satisfactorily completed 260 eight-hour watches as mate trainee, towboat, to sit for the examination for the mate's license. The present paragraph (b) of this section, slightly reworded, has been relettered as paragraph (c) in this proposed change.

In addition, paragraph (a), is being revised to make it clear that an individual participating in the Commission mate trainee program must complete 260 eight-hour deck watches as a mate trainee, towboat, before the individual is eligible for the mate's license examination.

Finally, a new paragraph (d) is proposed to permit an individual to qualify for the mate's license examination if he presents evidence of recent service or experience which is equivalent to the experience requirements established under the revised paragraph (a), (b), or (c) of § 119.103, as determined by a review board composed of three Commission officials.

The Commission has determined that this rule does not constitute a major rule within the meaning of Executive Order 12291, dated February 17, 1981 (47 FR 13193). The bases for that determination are, first, that the rule, when implemented, would not have an annual effect on the economy of $100 million or more per year. Secondly, the rule would not result in a major increase in costs or prices for consumers, individual industries or local governmental agencies or geographic regions. Finally, the agency has determined that implementation of the rule would not have a significant adverse effect on competition, employment, investment, productivity, innovation or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

Further, the Commission has determined that this proposed rule is not subject to the requirements of sections 603 and 604 of Title 5, United States Code, in that its promulgation will not have a significant impact on a substantial number of small entities, and the Administrator of the Commission so certifies pursuant to 5 U.S.C. 605(b).

List of Subjects in 35 CFR Part 119

Panama Canal, Navigation, Vessels.

Accordingly, it is proposed to amend Title 35, Code of Federal Regulations, Part 119, as follows:

PART 119—LICENSING OF OFFICERS

1. The authority citation for Part 119 is revised to read as follows:

Authority: Issued under authority of the President by 22 U.S.C. 3811, E.O. 12215, 45 FR 36043.

2. Section 119.103 is being revised to read as follows:

§ 119.103 Mate, steam or motor; experience required.

In order to be eligible for examination for the license of mate of steam or motor vessels, an applicant must—

(a) (1) Have graduated from either the Panama Nautical School's program for deck officers, a maritime academy in the United States recognized by the U.S. Coast Guard for licensing purposes, or from another maritime academy located outside the United States which is determined by the Supervising Inspector to have standards substantially equal to United States academies;

(2) Be serving as Mate Trainee, Towboat in a Panama Canal Commission training program; and

(3) Completed at least 260 eight-hour deck watches as Mate Trainee, Towboat; or

(b) Have graduated from the Panama Canal Commission apprentice program for Mate, Towboat, and have satisfactorily completed at least 260 eight-hour deck watches as Mate Trainee, Towboat; or

(c) Hold a license as mate issued by an authority recognized and approved by the Supervising Inspector and have at least 260 eight-hour watches of experience as a licensed officer in charge of deck watch on steam or motor vessels over 75 feet in length engaged in towing; or

(d) Present evidence of recent service or experience which is considered at least equivalent to the requirements provided in paragraph (a), (b), or (c) of this section, as determined by a review board composed of three Commission officials, appointed by the Supervising Inspector.

Dated: September 18, 1986.

Fernando Manfredo, Jr.,

Acting Administrator, Panama Canal Commission.

[FR Doc. 86–24554 Filed 10–29–86; 8:45 am]

BILLING CODE 3640-04-M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Health Service

42 CFR Part 57

Grants for Nurse Practitioner Training Programs

AGENCY: Public Health Service, HHS.

ACTION: Notice of proposed rulemaking.

SUMMARY: This proposed rule would revise existing regulations governing the Grants for Nurse Practitioner Training Programs authorized by section 822(a) of

the Public Health Service Act (the Act) by adding the definition of nurse midwife to the regulations and the guidelines published at the Appendix and by further amending the Appendix to change the interpretation of the student enrollment requirement from eight full-time students to eight full-time equivalent students. This document also proposes to revise the existing regulations and Appendix to conform with amendments made to section 822(a) by Pub. L. 99–92, the Nurse Education Amendments of 1985, enacted on August 16, 1985, and by Pub. L. 99–129, the Health Professions Training Assistance Act of 1985, enacted on October 22, 1985.

DATE: As discussed below, comments are invited. To be considered, comments must be received by December 29, 1986. Technical changes made to conform the regulations to legislative amendments are proposed to be effective as of the effective date in the relevant legislation.

ADDRESSES: Written comments should be addressed to Mr. Thomas D. Hatch, Director, Bureau of Health Professions (BHPr), Health Resources and Service Administration, Room 8–05, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland 20857. All comments received will be available for public inspection and copying at the Office of Program Support, BHPr, Room 7–74, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland, weekdays (Federal holidays excepted) between the hours of 8:30 a.m. and 5:00 p.m.

FOR FURTHER INFORMATION CONTACT: Mrs. Gretchen A. Osgood, R.N., M.S., Deputy Director, Division of Nursing, Bureau of Health Professions, Health Resources and Services Administration, Room 5C–26, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland 20857; telephone number 301 443–5786.

SUPPLEMENTARY INFORMATION: Section 822(a) of the Act, as amended by Pub. L. 99–92, authorizes grants to public or nonprofit private schools of nursing and public health, public or nonprofit private schools of medicine which received grants under section 822(a) prior to October 1, 1985, public or nonprofit private hospitals, and other public or nonprofit private entities to meet the costs of projects to: (1) Plan, develop and operate; (2) expand; or (3) maintain programs for the education of nurse practitioners and nurse midwives.

Regulations governing the Grants for Nurse Practitioner Training Programs are codified at 42 CFR Part 57, Subpart Y, and, as required by section 822(a)(2)(B) of the Act, guidelines for nurse practitioner training programs are included as an Appendix to the regulations. The regulations require programs to comply with these guidelines.

Pub. L. 99–92 amended section 822(a) to include nurse midwifery programs as eligible grant projects. Therefore, this notice proposes to add nurse midwifery programs to the program title and throughout the program description. In addition, the Department is proposing to add the following definition of "nurse midwife" to § 57.2402, *"Definitions."*:

> "Nurse midwife" means a registered nurse who has completed a formal program of study designed to prepare registered nurses to perform in an expanded role in the delivery of primary health care to women and babies including the management of normal antepartum, intrapartum, and postpartum care, as well as family planning and gynecology.

The proposed definition is consistent with the definition of "nurse midwife" developed by the American College of Nurse Midwives (ACNM). The ACNM is the professional organization of certified nurse midwives responsible for assuring the quality of education and practice of nurse midwives in this country. This is accomplished through the ACNM's accreditation of nurse midwifery programs; its examination and certification of the graduates; and its definition of the functions, standards and qualifications for the practice of nurse midwifery.

The Department also proposes to revise the term of "full-time" to "full-time equivalent" for enrollment purposes in the Appendix to the regulations. Section 822(a) requires programs for the education of nurse practitioners and nurse midwives to "have an enrollment of not less than eight students." The guidelines currently require a training program to "have an enrollment of not less than eight full-time students in each class." This interpretation of the statutory requirement of "eight students" as "eight full-time students" should, in order to reflect current trends in nurse practitioner and nurse midwifery education, be changed to "eight full-time equivalent students."

In 1977, when the current regulations and guidelines were published, the majority of the nurse practitioner programs were certificate programs in which all students were enrolled on a full-time basis. Today over 85 percent are masters' degree programs. The shift to graduate programs, and the increasing trend toward part-time study in graduate education, makes it difficult for masters' programs to meet the minimum enrollment requirement of eight full-time students in each class. However, if part-time students enrolled in the program could be counted in terms of full-time equivalents, the number of full-time equivalent students in most programs would far exceed the legislative requirement of eight students. The proposed solution is to change the enrollment requirement in the guidelines from "eight full-time students" to "eight full-time equivalent students" in each class.

None of the funded nurse practitioner or nurse midwifery programs will be adversely affected by this change. Failure to make the change will mean that several programs which address the Federal priorities in primary health care will not be eligible for support.

Interested persons may submit written comments on these proposals to the Director of the Bureau of Health Professions at the address given above. Following the close of the comment period, the regulations and Appendix will be revised as warranted by public comment.

In addition to the changes proposed above, it is necessary that certain changes be made to conform the regulations to amendments made to section 822(a) by Pub. L. 99–92, and Pub. L. 99–129, as follows:

1. Revise the title of 42 CFR Part 57, Subpart Y from "Nurse Practitioner Training Programs" to "Nurse Practitioner and Nurse Midwifery Programs," and strike out the word "training" and insert in lieu thereof "education" wherever it appears in the text. Also, the words "or nurse midwife" and "or nurse midwives" are to be inserted immediately following the words "nurse practitioner" or "nurse practitioners" throughout the text of the regulations and the Appendix.

2. Revise § 57.2401, *"Applicability."*, to limit the eligibility of schools of medicine to those that received grants prior to October 1, 1985, and to delete the words "significantly" and "existing" when referring to a project to expand or maintain programs for the education of nurse practitioners and nurse midwives.

3. Revise § 57.2402, *"Definitions."* to change the following terms"

(a) The definition of "State" by striking out "the Canal Zone" and inserting in lieu thereof" the Commonwealth of the Northern Mariana Islands".

(b) The definition of "Programs for the training of nurse practitioners" to "Programs for the education of nurse practitioners or nurse midwives"; and

(c) The definition of "Primary health care" to include nurse midwifery services.

4. Revise § 57.2403, *"Eligibility."*, to:

(a) Limit grants to schools of medicine that received grants prior to October 1, 1985; and

(b) Delete the words "significantly" and "existing" when referring to a project to expand or maintain programs for the education of nurse practitioners of and nurse midwives.

5. Revise § 57.2406, *"Evaluation and grant awards."*, to provide that the Secretary will give special consideration to applications for grants for projects emphasizing education to meet the needs of patients confined to their homes, and for projects emphasizing geriatric patient education which give particular attention to problems in the delivery of preventive care, acute care, and long-term care (including home health care and institutional care) of geriatric patients.

It is also proposed to amend the existing regulations to provide an added emphasis on the national need to train more minority and financially needy students. Therefore, § 57.2406, *"Evaluation and grant awards."*, would be amended further to provide that the Secretary will give special consideration to those applicants with programs in place to recruit and retain minority students.

Regulatory Flexibility Act and Executive Order 12291

These regulations govern a financial assistance program in which participation is voluntary. The rule will not exceed the threshold level of $100 million established in section (b) of Executive Order 12291. For these reasons, the Secretary has determined that this rule is not a major rule under Executive Order 12291 and a regulatory impact analysis is not required. Further, because the rule does not have a significant economic impact on a substantial number of small entities, a regulatory flexibility analysis under the Regulatory Flexibility Act of 1980 is not required.

Paperwork Reduction Act of 1980

Sections 57.2404 and 57.2405 contain information collection requirements which are subject to review by the Office of Management and Budget (OMB) under section 3507 of the Paperwork Reduction Act of 1980. We have submitted a copy of these information collection requirements to OMB for approval. Other organizations and individuals desiring to submit comments on the information collections should direct them to the agency official designated for this purpose whose name appears in this preamble, and the Office of Information and Regulatory Affairs, OMB, New Executive Office Building (Room 3208), Washington, DC 20205, ATTN: Desk Officer for HHS.

List of Subjects in 42 CFR Part 57

Dental health, Education of the disadvantaged, Educational facilities, Educational study program, Emergency medical services, Grant programs-educational, Grant programs-health, Health facilities, Health professions, Loan programs-health, Medical and dental schools, Scholarships and fellowships, Student aid.

Accordingly, 42 CFR Part 57, Subpart Y is proposed to be revised as follows:

(*Catalog of Federal Domestic Assistance.* No. 13.298, Grants for Nurse Practitioner Training Programs)

Dated: July 28, 1986.

Robert E. Windom,

Assistant Secretary for Health.

Approved: September 16, 1986.

Otis R. Bowen,

Secretary.

1. The title for 42 CFR Part 57, Subpart Y is revised to read as follows:

Subpart Y—Grants for Nurse Practitioner and Nurse Midwifery Programs

2. The authority citation is revised to read as follows:

Authority: Sec. 215 of the Public Health Service Act, 58 Stat. 690, as amended, 63 Stat. 35 (42 U.S.C. 216); sec. 822(a) of the Public Health Service Act, 89 Stat. 361, as amended by 99 Stat. 394–395 and 584 (42 U.S.C. 296m).

3. Section 57.2401 is revised to read as follows:

§ 57.2401 Applicability.

The regulations of this subpart are applicable to the award of grants to public or nonprofit private schools of nursing and public health, public or nonprofit private schools of medicine which received grants under section 822(a) of the Public Health Service Act (42 U.S.C. 296m) prior to October 1, 1985, public or nonprofit private hospitals, and other public or nonprofit private entities under section 822(a) to meet the cost of projects to (a) plan, develop, and operate, (b) expand, or (c) maintain programs for the education of nurse practitioners or nurse midwives.

4. Section 57.2402 is amended by revising definitions (e), (h), (i), (k), (l), and (o); redesignating definition (q) as (r), revising (r); and adding a new definition (q) to read as follows:

§ 57.2402 Definition.

* * * * *

(e) "Collegiate school of nursing" means a department, division, or other administrative unit in a college or university which provides primarily or exclusively a program of education in professional nursing and allied subjects leading to the degree of bachelor of arts, bachelor of science, bachelor of nursing, or to an equivalent degree, or to a graduate degree in nursing, and including advanced education related to such program of education provided by such school, but only if such program, or such unit, college or university is accredited as provided in section 853(6) of the Act.

* * * * *

(h) "School of medicine" means a school which provides education leading to a degree of doctor of medicine and which is accredited by a recognized body of bodies approved for such purpose by the Secretary of Education.

(i) "School of public health" means a school which provides education leading to a graduate degree in public health and which is accredited by a recognized body or bodies approved for such purpose by the Secretary of Education.

* * * * *

(k) "State" means a State, the Commonwealth or Puerto Rico, the District Columbia, the Commonwealth of the Northern Mariana Island, Guam, American Samoa, the Virgin Islands, or the Trust Territory of the Pacific Islands.

(l) "Program director" means a qualified individual designated by the grantee and approved by the Secretary who is to be functionally responsible for the education program being supported under this subpart.

* * * * *

(o) "Programs for the education of nurse practitioners or nurse midwives" means full-time educational programs for registered nurses (irrespective of the type of school of nursing in which the nurses received their training) which meets the guidelines prescribed by the Secretary in the Appendix to this subpart and which has as its objective the education of nurses (including pediatic and geriatric nurses) who will, upon completion of their studies in such programs, be qualified to effectively provide primary health care, including primary health care in homes and in ambulatory care facilities, long-term care facilities, long-term care facilities (where appropriate), and other health care institutions.

* * * * *

(q) "Nurse-midwife" means a registered nurse who has completed a formal program of study designed to prepare registered nurses to perform in an expanded role in the delivery of primary health care to women and babies including the management of

normal antepartum, intrapartum, and postpartum care as well as family planning and gynecology.

(r) "Primary health care" means care which may be initiated by the client or provider in a variety of settings and which consists of a broad range of personal health care services including:

(1) Promotion and maintenance of health;

(2) Prevention of illness and disability;

(3) Basic care during acute and chronic phases of illness;

(4) Guidance and counseling of individuals and families;

(5) Referral to other health care providers and community resources when appropriate; and

(6) Nurse midwifery services (when appropriate).

* * * * *

4. Section 57.2403 is amended by revising (a)(1), (b)(1), (b)(2) introductory text, (b)(2)(iii), and (b)(3) to read as follows:

§ 57.2403 Eligibility.

(a) * * *

(1) Be a public or nonprofit private school of nursing or public health, a public or nonprofit private school of medicine which received grants under this subpart prior to October 1, 1985, public or nonprofit private hospital; or other public or nonprofit private entity; and

* * * * *

(b) * * *

(1) A project to plan, develop, and operate a program for the education of nurse practitioners or nurse midwives (which will be in operation no later than 12 months after the award of a grant under this subpart);

(2) A project to expand a program for the education of nurse practitioners or nurse midwives through one or a combination of the following activities:

* * * * *

(iii) The addition of a new education site for the total program; or

(3) A project to maintain a program for the education of nurse practitioners and nurse midwives.

5. Section 57.2404 is amended by revising paragraphs (c)(1)(ii), (c)(1)(viii), (c)(1)(ix), (c)(1)(xii), (c)(8), and (d) to read as follows:

§ 57.2404 Application.

* * * * *

(c) * * *

(1) * * *

(ii) A description of the setting in which the education program will be conducted and the primary health care needs to which such program will be responsive.

* * * * *

(viii) A plan and methodology for evaluating the education program in accordance with the requirements of § 57.2405(c).

(ix) Where the education includes a preceptorship, a description of such preceptorship, including length, type of practice, and amount of faculty supervision.

* * * * *

(xii) In the case of a project to expand a nurse practitioner or nurse midwifery education program, a description of the manner in which the program is to be expanded and a plan for achieving such expansion during the project period.

* * * * *

(8) Where the proposed project includes the cost of providing nurse faculty members with the clinical preparation necessary to meet the guidelines set forth in the Appendix to this subpart, a description of the faculty to be educated, the type of education required, and the manner in which such education will be obtained.

* * * * *

(d) The application shall contain an assurance satisfactory to the Secretary that (1) in the case of a project to plan, develop, and operate a program for the education of nurse practitioners or nurse midwives, such program will upon its development meet the guidelines set forth in the Appendix to this subpart, or (2) in the case of a project to expand or maintain a program for the education of nurse practitioners or nurse midwives, such program meets the guidelines set forth in the Appendix to this subpart.

6. Section 57.2405 is amended by revising paragraphs (a), (b), and (c) introductory text to read as follows:

§ 57.2405 Project requirements.

* * * * *

(a) The project shall conduct its program for the education of nurse practitioners or nurse midwives in accordance with the guidelines prescribed by the Secretary and set forth in the Appendix to this subpart.

(b) The program director shall be responsible for the conduct of the education program unless replaced by another individual found by the Secretary to be qualified to carry out such responsibilities. Where the program director becomes unable to function in such capacity, the Secretary shall be notified as soon as possible.

(c) In accordance with the plan set forth in its approved application, the project shall collect, evaluate, and make available to the Secretary data concerning the education program being conducted. Such data collection and evaluation shall include, at a minimum:

* * * * *

7. Section 57.2406 is amended by revising paragraphs (a)(1)(ii), (a)(2)(i), (a)(2)(ii), and (a)(3) to read as follows:

§ 57.2406 Evaluation and grant awards.

(a) * * *

(1) * * *

(ii) The potential effectiveness of the proposed project in carrying out the education purposes of section 822 of the Act and this subpart;

* * * * *

(2) * * *

(i) Projects for programs for the education of nurse practitioners or nurse midwives who will practice in health manpower shortage areas (designated under section 332 of the Act); and

(ii) Projects for education programs which emphasize education respecting the special problems of geriatric patients (particularly problems in the delivery of preventive care, acute care, and long-term care, including home health care and institutional care to such patients) and education to meet the particular needs of nursing home patients and patients confined to their homes.

(3) The Secretary will also give special consideration to:

(i) Projects for nurse practitioner or nurse midwifery programs which will award academic credit to students who successfully complete the education program; and (ii) applicants with programs in place to recruit and retain minority students.

* * * * *

8. Section 57.2408 is amended by revising paragraph (b) to read as follows:

§ 57.2408 Expenditure of grant funds.

* * * * *

(b) Funds granted pursuant to this subpart may be used in accordance with an approved application for the clinical education of nurse faculty members in order to meet the guidelines set forth in Appendix A.

* * * * *

9. Section 57.2409 is amended by revising (a) and (f) to read as follows:

§ 57.2409 Nondiscrimination.

(a) Attention is called to the requirements of section 855 of the Act and 45 CFR Part 83 which together provide that the Secretary may not make a grant, loan guarantee, or interest subsidy payment under Title VIII of the Act to, or for the benefit of, any entity unless the application for the grant, loan guarantee, or interest subsidy payment contains assurances satisfactory to the

Secretary that the entity will not discriminate on the basis of sex in the admission of individuals to its education programs.

* * * * *

(f) The grantee shall not discriminate on the basis of religion in the admission of individuals to its education programs.

1. The title of the Appendix to 42 CFR Part 57, Subpart Y is revised to read as follows:

Appendix—Guidelines for Nurse Practitioner and Nurse Midwifery Programs

2. Section A. *Definitions* is amended by revising paragraph 1; redesignating paragraph 3 as paragraph 4 and adding a new paragraph 3; revising paragraph e and the introductory text of paragraph 4, to read as follows:

A. *Definitions.* 1. "Programs for the education of nurse practitioners or nurse midwives" means a full-time educational program for registered nurses (irrespective of the type of school of nursing in which the nurses received their training) which meets the guidelines prescribed herein and which has as its objective the education of nurses (including pediatric and geriatric nurses) who will, upon completion of their studies in such program, be qualified to effectively provide primary health care, including primary health care in homes and in ambulatory care facilities, long-term care facilities, where appropriate, and other health care institutions.

* * * * *

3. "Nurse-midwife" means a registered nurse who has completed a formal program of study designed to prepare registered nurses to perform in an expanded role in the delivery of primary health care to women and babies including the management of normal antepartum, intrapartum, and postpartum care as well as family planning and gynecology.

4. "Primary health care" means care which may be initiated by the client or provider in a variety of settings and which consists of a broad range of personal health care services including:

* * * * *

e. Referral to other health care providers and community resources when appropriate; and

f. Nurse midwifery services (where appropriate).

* * * * *

3. Section B. *Organization and administration* is amended by revising paragraph 1 to read as follows:

B. *Organization and administration.* 1. A nurse practitioner or nurse-midwifery education program shall have active collaboration with nurses and physicians who have expertise relevant to the nurse practitioner or nurse midwife role and primary health care, to assist in the planning, development, and operation of such a program. In addition, where the institution or organization conducting the program is other than a school of nursing, medicine, or public health, such collaboration shall be with nurses and physicians who are affiliated with either a collegiate school of nursing, school of medicine, or school of public health.

* * * * *

4. Section C. *Student enrollment* is revised to read as follows:

C. *Student enrollment.* 1. A nurse practitioner or nurse midwifery education program shall have an enrollment of not less than eight full-time equivalent students in each class.

2. All students enrolled in a nurse practitioner or nurse midwifery education program must be licensed to practice nursing (a) at the time of enrollment, or (b) in the case of a program leading to a graduate degree in nursing, at or prior to the time of completion of the program.

3. The policies for the recruitment and selection of students shall be consistent with the requirements of the sponsoring institution and developed in cooperation with the faculty responsible for conducting the education. Admission criteria shall take into consideration the educational background and work experience of applicants.

5. Section D. *Length of program* is revised to read as follows:

D. *Length of program.* A nurse practitioner or nurse midwifery education program shall be a minimum of one academic year (or nine months) in length and shall include at least four months (in the aggregate) of classroom instruction.

6. Section E. *Curriculum* is revised to read as follows:

E. *Curriculum.* 1. A nurse practitioner or nurse midwifery education program shall be a discrete program consisting of classroom instruction and faculty-supervised clinical practice designed to teach registered nurses the knowledge and skills needed to perform the functions of a nurse practitioner or nurse midwife specified in the definition of that term as set forth in these guidelines. The curriculum shall be developed and implemented cooperatively by nurse educators, physicians, and appropriate representatives of other health disciplines. The following are examples of broad areas of program content which should be included: Communications and interviewing (history taking); basic physical examination including basic pathophysiology; positive health maintenance; care during acute and chronic phases of illness; management of chronic illness; health teaching and counseling; role realignment and establishment of collaborative roles with physicians and other health care providers; and community resources. The program content, both classroom instruction and clinical practice, should be developed so that the nurse practitioner or nurse midwife is prepared to provide primary health care as defined in these guidelines.

2. The curriculum may include a preceptorship, in which the student is assigned to a designated preceptor (a nurse practitioner, nurse midwife, or physician) who is responsible for teaching, supervising, and evaluating the student and for providing the student with an environment which permits observation and active participation in the delivery of primary health care. If a preceptorship is included, it shall be under the direction and supervison of the faculty.

7. Section F. *Faculty qualifications* is revised to read as follows:

F. *Faculty qualifications.* A nurse practitioner or nurse midwifery education program shall have a sufficient number of qualified nursing and medical (other related professional) faculty with academic preparation and clinical expertise relevant to their areas of teaching responsibility and with demonstrated ability in the development and implementation of educationsl programs.

8. Section G. *Resources* is amended to revise paragraphs 1 and 2 to read as follows:

G. *Resources.* 1. A nurse practitioner or nurse midwifery education program shall have available sufficient educational and clinical resources including a variety of practice settings, particularly in ambulatory care.

2. Clinical practice facilities shall be adequate in terms of space and equipment, number of clients, diversity of client age, and need for care, number of students enrolled in the program, and other students using the facility for education purposes.

* * * * *

[FR Doc. 86-24432 Filed 10-29-86; 8:45 am]
BILLING CODE 4160-15-M

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 73

[MM Docket No. 86-391, RM-5354]

Radio Broadcasting Services; Windsor, VA

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: This document requests comments on a petition by Communi-Com, Inc., proposing the allotment of FM Channel 299A to Windsor, Virginia, as that community's first FM service. A site restriction of 2.9 kilometers (1.8 miles) east of the community is required.

DATES: Comments must be filed on or before December 15, 1986, and reply comments on or before December 30, 1986.

ADDRESS: Federal Communications Commission, Washington, DC 20554 In addition to filing comments with the FCC, interested parties should serve the petitioners, or their counsel or consultant, as follows: Jon A. Hill, President, Communi-Com, Inc., 1707 Winding Way, Richmond, VA 23235.

FOR FURTHER INFORMATION CONTACT: Patricia Rawlings, (202) 634-6530.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rule Making, MM Docket No. 86-391, adopted October 3, 1986, and

released October 23, 1986. The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 230), 1919 M Street NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractors, International Transcription Service, (202) 857–3800, 2100 M Street NW., Suite 140, Washington, DC 20037.

Provisions of the Regulatory Flexibility Act of 1980 do not apply to this proceeding.

Members of the public should note from the time a Notice of Proposed Rule Making is issued until the matter is no longer subject to Commission consideration or court review, all *ex parte* contracts are prohibited in Commission proceedings, such as this one, which involve channel allotments. See 47 CFR 1.1231 for rules governing permissible *ex parte* contact.

For information regarding proper filing procedures for comments, See 47 CFR 1.415 and 1.420.

List of Subjects in 47 CFR Part 73

Radio broadcasting.

Federal Communications Commission

Charles Schott,

Chief, Policy and Rules Division, Mass Media Bureau.

[FR Doc. 86–24585 Filed 10–29–86; 8:45 am]

BILLING CODE 6712-01-M

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47 CFR Part 73

[MM Docket No. 86–390, RM–5419]

Radio Broadcasting Services; Northwood, IA

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: This document requests comments on a petition filed by Northwood Broadcasting Co., Inc. proposing to allot FM Channel 274A to Northwood, Iowa, as that community's first FM broadcast channel.

DATES: Comments must be filed on or before December 15, 1986, and reply comments on or before December 30, 1986.

ADDRESS: Federal Communications Commission, Washington, DC 20554. In addition to filing comments with the FCC, interested parties should serve the petitioners, or their counsel or consultant, as follows: Marlin Hanson, President, Northwood Broadcasting Co., Inc., 308–11th North Northwood, Iowa 50459 (Petitioner).

FOR FURTHER INFORMATION CONTACT: D. David Weston, (202) 634–6530, Mass Media Bureau.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rule Making, MM Docket No. 86–390, adopted September 30, 1986, and released October 23, 1986. The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 230), 1919 M Street NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractors, International Transcription Service. (202) 857–3800, 2100 M Street NW., Suite 140, Washington, DC 20037.

Provisions of the Regulatory Flexibility Act of 1980 do not apply to this proceeding.

Members of the public should note that from the time a Notice of Proposed Rule Making is issued until the matter is no longer subject to Commission consideration or court review, all *ex parte* contacts are prohibited in Commission proceedings, such as this one, which involve channel allotments. See 47 CFR 1.1231 for rules governing permissible *ex parte* contact.

For information regarding proper filing procedures for comments, See 47 CFR 1.415 and 1.420.

List of Subjects in 47 CFR Part 73

Radio broadcasting.

Federal Communications Commission.

Charles Schott,

Chief, Policy and Rules Division, Mass Media Bureau.

[FR Doc. 86–24581 Filed 10–29–86; 8:45 am]

BILLING CODE 6712-01-M

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47 CFR Part 73

[MM Docket No. 86–389, RM–5353]

Radio Broadcasting Services; Honeoye Falls, NY

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: This document requests comments on a petition by Monroe-Livingston Radio Ltd. to allocate channel 297A to Honeoye Falls, NY, as the community's first local FM service. A site restriction of 1.3 kilometers northeast is required.

DATES: Comments must be filed on or before December 15, 1986, and reply comments on or before December 30, 1986.

ADDRESS: Federal Communications Commission, Washington, DC 20554. In addition to filing comments with the FCC, interested parties should serve the petitioners, or their counsel or consultant, as follows: Robert C. Savage, Esq., 70 Main Street, Scottsville, New York 14546 (Counsel to petitioner).

FOR FURTHER INFORMATION CONTACT: Leslie K. Shapiro, Mass Media Bureau, (202) 634–6530.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rule Making, MM Docket No. 86–389, adopted September 30, 1986, and released October 23, 1986. The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 230), 1919 M Street NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractors, International Transcription Service, (202) 857–3800, 2100 M Street NW., Suite 140, Washington, DC 20037.

Provisions of the Regulatory Flexibility Act of 1980 do not apply to this proceeding.

Members of the public should note that from the time a Notice of Proposed Rule Making is issued until the matter is no longer subject to Commission consideration or court review, all ex parte contacts are prohibited in Commission proceedings, such as this one, which involve channel allotments. See 47 CFR 1.1231 for rules governing permissible ex parte contact.

For information regarding proper filing procedures for comments, See 47 CFR 1.415 and 1.420.

List of Subjects in 47 CFR Part 73

Radio broadcasting.

Federal Communications Commission.

Charles Schott.

Chief, Policy and Rules Division, Mass Media Bureau.

[FR Doc. 86–24580 Filed 10–29–86; 8:45 am]

BILLING CODE 6712-01-M

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47 CFR Part 73

[MM Docket No. 86–385, RM–5451]

Radio Broadcasting Services; Redfield, SD

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: The Commission proposes to allocate Channel 256C1 to Redfield, South Dakota, at the request of Victoria

Broadcasting System, Inc., as the community's third local FM service. The channel can be allocated in compliance with the Commission's minimum distance separation requirements without the imposition of a site restriction.

DATES: Comments must be filed on or before December 12, 1986, and reply comments on or before December 29, 1986.

ADDRESS: Federal Communications Commission, Washington, DC 20554. In addition to filing comments with the FCC, interested parties should serve the petitioners, or their counsel or consultant, as follows: Mark E. Fields, Miller & Fields, P.C., P.O. Box 33003, Washington, DC 20033 (Counsel to petitioner); Victoria Broadcasting System, Inc., Box 110, Redfield, South Dakota 57469 (Petitioner).

FOR FURTHER INFORMATION CONTACT: Leslie K. Shapiro, (202) 634–6530, Mass Media Bureau.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rule Making, MM Docket No. 86–385, adopted September 26, 1986, and released October 22, 1986. The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 230), 1919 M Street, NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractors, International Transcription Service, (202) 857–3800, 2100 M Street, NW., Suite 140, Washington, DC 20037.

Provisions of the Regulatory Flexibility Act of 1980 do not apply to this proceeding.

Members of the public should note that from the time a Notice of Proposed Rule Making is issued until the matter is no longer subject to Commission consideration or court review, all *ex parte* contacts are prohibited in Commission proceedings, such as this one, which involve channel allotments. See 47 CFR 1.1231 for rules governing permissible *ex parte* contact.

For information regarding proper filing procedures for comments, See 47 CFR 1.415 and 1.420.

List of Subjects in 47 CFR Part 73

Radio broadcasting.

Federal Communications Commission.

Charles Schott,

Chief, Policy and Rules Division, Mass Media Bureau.

[FR Doc. 86–24578 Filed 10–29–86; 8:45 am]

BILLING CODE 6712-01-M

47 CFR Part 73

[MM Docket No. 86–387, RM–5413]

Radio Broadcasting Services; Germantown, TN

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: This document requests comments on a petition by Heart of America Broadcasting proposing the allotment of Channel 298A to Germantown, Tennessee, as that community's second FM service. A site restriction of 5.2 kilometers (3.3 miles) southeast of the community is required.

DATES: Comments must be filed on or before December 12, 1986, and reply comments on or before December 29, 1986.

ADDRESS: Federal Communications Commission, Washington, DC 20554. In addition to filing comments with the FCC, interested parties should serve the petitioners, or their counsel or consultant, as follows: Ashton R. Hardy, Esquire, Bradford D. Carey, Esquire, 700 Camp Street, New Orleans, LA 70130–3702.

FOR FURTHER INFORMATION CONTACT: Patricia Rawlings, (202) 634–6530.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rule Making, MM Docket No. 86–387, adopted September 30, 1986, and released October 22, 1986. The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 230), 1919 M Street NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractors, International Transcription Service, (202) 857–3800, 2100 M Street NW., Suite 140, Washington, DC 20037.

Provisions of the Regulatory Flexibility Act of 1980 do not apply to this proceeding.

Members of the public should note that from the time a Notice of Proposed Rule Making is issued until the matter is no longer subject to Commission consideration or court review, all *ex parte* contacts are prohibited in Commission proceedings, such as this one, which involve channel allotments. See 47 CFR 1.1231 for rules governing permissible *ex parte* contact.

For information regarding proper filing procedures for comments, See 47 CFR 1.415 and 1.420.

List of Subjects in 47 CFR Part 73

Radio broadcasting.

Federal Communications Commission.

Charles Schott,

Chief, Policy and Rules Division, Mass Media Bureau.

[FR Doc. 86–24579 Filed 10–29–86; 8:45 am]

BILLING CODE 6712-01-M

47 CFR Part 73

[MM Docket No. 86–399, RM–5504]

Radio Broadcasting Services; Dickson, TN

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: This document requests comments on a petition by American Communications, Inc., proposing the substitution of Channel 273C2 for Channel 272A at Dickson, Tennessee, and modification of the license of Station WDKN–FM, Dickson, to specify operation on Channel 273C2, as that community's first wide coverage area FM service.

DATES: Comments must be filed on or before December 15, 1986, and reply comments on or before December 30, 1986.

ADDRESS: Federal Communications Commission, Washington, DC 20554. In addition to filing comments with the FCC, interested parties should serve the petitioners, or their counsel or consultant, as follows: John L. Tierney, Esquire, Ann Bavender, Esquire, Tierney & Swift, 1020 19th Street NW., Suite 200, Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Patricia Rawlings, (202) 634–6530.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rule Making, MM Docket No. 86–399, adopted September 26, 1986, and released October 24, 1986. The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 230), 1919 M Street NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractors, International Transcription Service (202) 857–3800, 2100 M Street NW., Suite 140, Washington, DC 20037.

Provisions of the Regulatory Flexibility Act of 1980 do not apply to this proceeding.

Members of the public should note that from the time a Notice of Proposed Rule Making is issued until the matter is no longer subject to Commission consideration or court review, all *ex*

parte contacts are prohibited in Commission proceedings, such as this one, which involve channel allotments. See 47 CFR 1.1231 for rules governing permissible *ex parte* contact.

For information regarding proper filing procedures for comments, See 47 CFR 1.415 and 1.420.

List of Subjects in 47 CFR Part 73

Radio broadcasting.

Federal Communications Commission.

Charles Schott,

Chief, Policy and Rules Division, Mass Media Bureau.

[FR Doc. 86-24584 Filed 10-29-86; 8:45 am]

BILLING CODE 6712-01-M

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47 CFR Part 73

[MM Docket No. 86-382, RM-5467]

Radio Broadcasting Services; Merkel, TX

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: This document requests comments on a petition by Fox Communications, Inc., proposing the substitution of Channel 274C1 for Channel 272A at Merkel, TX, and modification of the license of Station KFQZ-FM, Merkel, to specify operation on Channel 274C1, as that community's first wide coverage area FM service. A site restriction of 17.0 kilometers (10.6 miles) southeast of Merkel is required.

DATES: Comments must be filed on or before December 8, 1986, and reply comments on or before December 23, 1986.

ADDRESS: Federal Communications Commission, Washington, DC 20554 In addition to filing comments with the FCC, interested parties should serve the petitioners, or their counsel or consultant, as follows: John B. Kenkel, Esquire, Kenkel, Barnard & Edmundson, 1220 19th Street NW., #202, Washington DC 20037 (counsel for petitioner) .

FOR FURTHER INFORMATION CONTACT: Patricia Rawlings, (202) 634-6530, Mass Media Bureau.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rule Making, MM Docket No. 86-382, adopted September 24, 1986, and released October 17, 1986. The full text of this Commission decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 230), 1919 M Street NW., Washington, DC. The complete text of this decision may also be purchased from the Commission's copy contractors, International Transcription Service, (202) 857-3800, 2100 M Street NW., Suite 140, Washington, DC 20037.

Provision of the Regulatory Flexibility Act of 1980 do not apply to this proceeding.

Member of the public should note that from the time a Notice of Proposed Rule Making is issued until the matter is no longer subject to Commission consideration or court review, all *ex parte* contacts are prohibited in Commission proceedings, such as this one, which involve channel allotments. See 47 CFR 1.1231 for rules governing permissible *ex parte* contact.

For information regarding proper filing procedures for comments. See 47 CFR 1.415 and 1.420.

List of Subjects in 47 CFR Part 73

Radio broadcasting.

Federal Communications Commission.

Charles Schott,

Chief, Policy and Rules Division, Mass Media Bureau.

[FR Doc. 86-24583 Filed 10-29-86; 8:45 am]

BILLING CODE 6712-01-M

DEPARTMENT OF DEFENSE

Department of the Air Force

48 CFR Ch. 53

Air Force Logistics Command Federal Acquisition Regulation Supplement; Surplus Material Acquisition

AGENCY: Department of the Air Forces, DoD.

ACTION: Proposed rule.

SUMMARY: The Air Force Logistics Command (AFLC) seeks to consolidate, standardize and institutionalize on a command-wide basis the policy and procedures peculiar to the acquisition of formerly government owned or excess commercial materials, commonly referred to as surplus material. The Air Forces proposes to amend Title 48 of the Code of Federal Regulations Chapter 53 by adding Appendix A which will include a new AFLC Federal Acquisition Regulation Supplement Part AFLC 5391.

DATE: Comments must be submitted in writing on or before December 1, 1986 to be considered in formulation of the final rule. Please cite AFLC FAR Supplement Part AFLC 5391 in all correspondence related to this issue.

ADDRESS: Interested parties should submit written comments to HQ AFLC/PMPL, Wright-Patterson AFB, OH 45433.

FOR FURTHER INFORMATION CONTACT: Mr. Harry F. Schafer, HQ AFLC/PMPL, (513) 257-6055.

SUPPLEMENTARY INFORMATION:

A. Background

The proposed guidance on surplus material acquisition provides definitions of the types and categories of such material, policy and procedures for preparation of purchase requests and solicitations anticipating the procurement of such materials, criteria for evaluating acceptability, and evaluation criteria for contract award. The guidance provides for the effectives integration of these material buys into overall acquisition process. It was prepared with the assistance of personnel from the five Air Logistics Centers and comments from cognizant industry sources. Prior policy and procedures governing this subject were embodied in various individual local regulations at each of the Air Logistics Centers. This commandwide guidance is intended to simplify this process through standard interpretation and application of acquisition methodology. Due to the length of Part AFLC 5341, publication in full text is impractical. Those interested in reviewing this coverage should request copies from the address above.

B. Regulatory Flexibility Act

The proposed policy and procedures are not expected to have a signfiicant economic impact on a substantial number of small entities because the substance of these policies and procedures does not significantly impact on the practices that already exist within industry or Air Force Logistics Command. The proposed policy and procedures are a consolidation, standardization and institutionalization of local policies and procedures in existence at the five Air Logistics Centers. The policy and procedures will improve the acquisition process for all dealers of formerly government owned and excess commercial material doing business with the Air Force as the policy

provides standardized methodology and contract provisions for such acquisitions.

C. Paperwork Reduction Act

The Paperwork Reduction Act (Pub. L. 96–511) does not apply because the proposed policy and procedures do not impose any new information collection requirements that were not already in place in Air Force Logistics Command procedures. The prescribed AFLC Form 813, Certification and Surplus Material, simply standardizes prior collection formats, and requirements should assist prospective contractors in preparation through consistent application and interpretation requirements, thus streamlining the process.

Patsy J. Conner,

Air Force Federal Register Liaison Officer.

[FR Doc. 86–24540 Filed 10–29–86; 8:45 am]

BILLING CODE 3910-01-M

Notices

Federal Register
Vol. 51, No. 210
Thursday, October 30, 1986

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF AGRICULTURE

Forest Service

Land and Resource Management Plan; Mendocino National Forest; Colusa, Glenn, Lake, Mendocino, Tehama, and Trinity Counties CA; Public Hearings

The Mendocino National Forest will conduct public hearings to receive oral testimony on the proposed Mendocino National Forest Land and Resource Management Plan (Forest Plan) and it's accompanying Draft Enviromental Impact Statement.

The Forest Plan contains the direction that will guide management of the 884,231 acres of National Forest land within the boundaries of the Mendocino National Forest during the next 10–15 years. The Draft Environmental Impact Statement describes the alternatives which were considered in arriving at the proposed Plan and identifies the probable environmental consequences of implementing each of the alternatives, including the proposed Plan.

Copies of the proposed Forest Plan and Draft Environmental Impact Statement are available for review at Forest Service offices in Willows, Corning, Stonyford, Upper Lake, and Covelo, California. Copies are also available at many local libraries. A limited number of copies are available upon request from the Mendocino National Forest, 420 East Laurel Street, Willows, CA 95988, 916–934–3316.

Persons interested in speaking at the hearings may pre-register by contacting the Receptionist at the Mendocino National Forest in Willows, California, by calling 916–934–3316. People may also register at the hearing between 6:30 and 7:00 p.m. The hearings will be conducted in the following locations beginning at 7:00 p.m.:

December 15, 1986

Board Chamber, Glenn County Courthouse, 526 West Sycamore Street, Willows, California.

December 16, 1986

Board Chambers, Tehama County Courthouse, 633 Washington Street, Red Bluff, California.

December 17, 1986

LuAnn Motel, 1340 North State Street, Ukiah, California.

Dated: October 23, 1986.

Lyle Laverty,

Forest Supervisor.

[FR Doc. 86–24508 Filed 10–29–86; 8:45 am]

BILLING CODE 4310–11–M

Soil Conservation Service

County Road "Z" RC&D Measure, Henry County, OH

AGENCY: Soil Conservation Service, USDA.

ACTION: Notice of finding of no significant impact.

SUMMARY: Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969; the Council on Environmental Quality Guidelines (40 CFR Part 1500); and the Soil Conservation Service Guidelines (7 CFR Part 650); the Soil Conservation Service, U.S. Department of Agriculture, gives notice that an environmental impact statement is not being prepared for the County Road "Z" RC&D Measure, Henry County, Ohio.

FOR FURTHER INFORMATION CONTACT: Harry W. Oneth, State Conservationist, Soil Conservation Service, Federal Building, 200 North High Street, Room 522, Columbus, Ohio 43215, telephone: (614)–469–6962.

SUPPLEMENTARY INFORMATION: The environmental assessment of this federally assisted action indicates that the project will not cause significant local, regional, or national impact on the environment. As a result of these findings, Harry W. Oneth, State Conservationist, has determined that the preparation and review of an environmental impact statement is not needed for this project.

This measure concerns a plan for critical area treatment along County Road "Z" for a distance of approximately 4800 feet. The purpose is to stabilize the road slips and control the erosion.

Planned works of improvement include the installation of underground drains to intercept the water causing the slips and reestablish vegetation on the eroding areas.

The Notice of Finding No Significant Impact (FONSI) has been forwarded to the Environmental Protection Agency and to various Federal, State, and local agencies and interested parties. A limited number of copies of the FONSI are available to fill single copy requests at the above address. Basic data developed during the environmental assessment are on file and may be reviewed by contacting Harry W. Oneth.

No administrative action on implementation of the proposal will be taken until 30 days after the date of this publication.

(This activity is listed in the Catalog of Federal Domestic Assistance under No. 10.901—Resource Conservation and Development Program—and is subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with state and local officials.)

Roger A. Hansen,

Deputy State Conservationist.

October 21, 1986.

[FR Doc. 86–24542 Filed 10–29–86; 8:45 am]

BILLING CODE 3410–16–M

Ross County Streambank RC&D Measure, Ross County, OH

AGENCY: Soil Conservation Service, USDA.

ACTION: Notice of finding of no significant impact.

SUMMARY: Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969; the Council on Environmental Quality Guidelines (40 CFR Part 1500); and the Soil Conservation Service Guidelines (7 CFR Part 650); the Soil Conservation Service, U.S. Department of Agriculture, gives notice that an environmental impact statement is not being prepared for the Ross County Streambank RC&D Measure, Ross County, Ohio.

FOR FURTHER INFORMATION CONTACT: Harry W. Oneth, State Conservationist, Soil Conservation Service, Federal Building, 200 North High Street, Room

522, Columbus, Ohio 43215, telephone: (614)–469–6962.

SUPPLEMENTARY INFORMATION: The environmental assessment of this federally assisted action indicates that the project will not cause significant local, regional, or national impact on the environment. As a result of these findings, Harry W. Oneth, State Conservationist, has determined that the preparation and review of an environmental impact statement is not needed for this project.

This measure concerns a plan for critical area treatment along 7500 feet of eroding streambank adjacent to county and township roads.

Planned works of improvement include shaping the eroding banks and lining the banks with rock riprap.

The Notice of Finidng No Significant Impact (FONSI) has been forwarded to the Environmental Protection Agency and to various Federal, State, and local agencies and interested parties. A limited number of copies of the FONSI are available to fill single copy requests at the above address. Basic data developed during the environmental assessment are on file and may be reviewed by contacting Harry W. Oneth.

No administrative action on implementation of the proposal will be taken until 30 days after the date of this publication.

(This activity is listed in the Catalog of Federal Domestic Assistance under No. 10.901—Resource Conservation and Development Program—and is subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with state and local officials)

Roger A. Hansen,

Deputy State Conservationist.

October 21, 1986.

[FR Doc. 86–24541 Filed 10–29–86; 8:45 am]

BILLING CODE 3410–16–M

West and Rhode Rivers Watershed, Maryland; Finding of No Significant Impact

AGENCY: Soil Conservation Service, USDA.

ACTION: Notice of a Finding of No Significant Impact.

SUMMARY: Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969; the Council on Environmental Quality Guidelines (40 CFR Part 1500); and the Soil Conservation Service Guidelines (7 CFR Part 650); the Soil Conservation Service, U.S. Department of Agriculture, gives notice that an environmental impact statement is not being prepared for the West and Rhode Rivers Watershed, Anne Arundel County, Maryland.

FOR FURTHER INFORMATION CONTACT: Mr. Pearlie S. Reed, State Conservationist, Soil Conservation Service, 4321 Hartwick Road, Room 522, College Park, Maryland, 20740, telephone (301) 344–4180.

SUPPLEMENTARY INFORMATION: The environmental assessment of this federally assisted action indicates that the project will not cause significant local, regional, or national impacts on the environment. As a result of these findings, Pearlie S. Reed, State Conservationist, has determined that the preparation and review of an environmental impact statement are not needed for this project.

The project concerns watershed protection to protect long-term soil productivity. The planned measures include conservation tillage, stripcropping, diversions, grass waterways, grade stabilization structures, and cropland conversion.

The Notice of a Finding of No Significant Impact (FONSI) has been forwarded to the Environmental Protection Agency and to various Federal, State, and local agencies and interested parties. A limited number of copies of the FONSI are available to fill single copy requests at the above address. Basic data developed during the environmental evaluation are on file and may be reviewed by contacting Mr. Pearlie S. Reed.

No administrative action on implementation of the proposal will be taken until 30 days after the date of this publication in the **Federal Register.**

(This activity is listed in the Catalog of Federal Domestic Assistance under No. 10.904—Watershed Protection and Flood Prevention—and is subject to the provisions of Executive Order 12372 which requires intergovernmental consultation with State and local officials.)

October 17, 1986.

Pearlie S. Reed,

State Conservationist.

[FR Doc. 86–24507 Filed 10–29–86; 8:45 am]

BILLING CODE 3410–16–M

DEPARTMENT OF COMMERCE

Agency Form Under Review by the Office of Management and Budget (OMB)

DOC has submitted to OMB for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35).

Agency: Bureau of Economic Analysis

Title: Plant and Equipment Expenditures Surveys

Form Number: Agency—BE–452/456; OMB—0608–0006

Type of Request: Extension of the expiration date of a currently approved collection

Burden: 12,500 respondents; 34,300 reporting hours

Needs and Uses: These surveys will secure information on capital for U.S. nonfarm business. Estimates from the surveys are widely recognized as one of the most important economic indicators. These are the only official estimates of investment plans and quarterly investment by industry.

Affected Public: Businesses or other for-profit institutions, non-profit institutions, small businesses or organizations

Frequency: Annually

Respondent's Obligation: Voluntary

OMB Desk Officer: Timothy Sprehe, 395–4814.

Copies of the above information collection proposal can be obtained by calling or writing DOC Clearance Officer, Edward Michals, (202) 377–4217, Department of Commerce, Room 6622, 14th and Constitution Avenue NW., Washington, DC 20230.

Written comments and recommendations for the proposed information collection should be sent to Timothy Sprehe, OMB Desk Officer, Room 3235, New Executive Office Building, Washington, DC 20503.

Dated: October 27, 1986.

Ed Michals,

Departmental Clearance Officer, Information Management Division, Office of Information Resources Management.

[FR Doc. 86–24605 Filed 10–29–86; 8:45 am]

BILLING CODE 3510–CW–M

International Trade Administration

[A–475–601]

Postponement of Final Antidumping Duty Determination: Brass Sheet and Strip From Italy

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: This notice informs the public that we have received a request from the respondent in this investigation to postpone the final determination, as permitted in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673d(a)(2)(A)). Based on this request, we are postponing our final

determination as to whether sales of brass sheet and strip from Italy have occurred at less than fair value until not later than January 5, 1987.

EFFECTIVE DATE: October 30, 1986.

FOR FURTHER INFORMATION CONTACT: Charles E. Wilson, (202–377–5288), Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230.

On March 31, 1986, we published a notice in the **Federal Register** (51 FR 11774) that we are initiating, under section 732(b) of the Act (19 U.S.C. 1673a(b)), an antidumping duty investigation to determine whether brass sheet and strip from Italy were being, or were likely to be, sold at less than fair value. On April 24, 1986, the International Trade Commission determined that there is a reasonable indication that imports of brass sheet and strip from Italy are materially injuring a U.S. industry. On August 22, 1986, we published a preliminary determination of sales at less than fair value with respect to this merchandise (51 FR 30097). The notice stated that if the investigation proceeded normally, we would make our final determination by November 3, 1986.

On October 17, 1986, La Metalli Industriale, repondent in this investigation, requested a postponement of the final determination until not later than the 135th day after publication of or preliminary determination, pursuant to section 735(a)(2)(A) of the Act. Respondent accounts for a significant proportion of exports of the merchandise to the United States. If exporters who account for a significant proportion of exports of the merchandise under investigation request an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contary, to grant the request.

We are postponing the date of the final determination until not later than January 5, 1987.

The United States International Trade Commission is being advised of this postponement, in accordance with section 735(d) of the Act.

This notice is published pursuant to section 735(d) of the Act.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

October 23, 1986.

[FR Doc. 86–24603 Filed 10–29–86; 8:45 am]

BILLING CODE 3510–DS–M

[A–588–504]

Erasable Programmable Read Only Memories (EPROMs) From Japan; Final Determination of Sales at Less than Fair Value

AGENCY: International Trade Administration, Import Administration Commerce.

ACTION: Notice.

SUMMARY: We have determined that EPROMs from Japan are being, or are likely to be, sold in the United States at less than fair value, and have notified the U.S. International Trade Commission (ITC) of our determination. The Department of Commerce and Japanese producers/exporters of substantially all of the known imports of the subject merchandise entered into a suspension agreement on July 30, 1986 pursuant to section 734 of the Act. The suspension agreement will remain in force and we will not issue an antidumping duty order as long as the conditions of the agreement are met. However, the investigation was continued at petitioners request under section 734.

EFFECTIVE DATE: October 30, 1986.

FOR FURTHER INFORMATION CONTACT: David Mueller, William Kane, or Raymond Busen, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230: telephone (202) 377–2923, 377–1766, or 377–3464.

Final Determination

We have determined that EPROMs from Japan are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735(a) of the Tariff Act of 1930, as amended (19 U.S.C. 1673d(a)) (the Act). We made fair value comparisons on over 90 percent of sales of the class or kind of merchandise to the United States by the respondents during the period of investigation, April 1 through September 30, 1985. The weighted-average margins are shown in the "Results of Investigation" section of this notice.

Case History

On September 30, 1985, we received a petition from Intel Corporation, Advanced Micro Devices, Inc., and National Semiconductor Corporation on behalf of the domestic manufacturers of EPROMs. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleged that imports of EPROMs from Japan are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are materially injuring, or are threatening material injury to, a United States industry. The petition also alleged that sales of the subject merchandise were being made at less than the cost of production. After reviewing the peitition, we determined that it contained sufficient grounds upon which to initiate an antidumping duty investigation. We notified the ITC of our action and initiated such an investigation on October 21, 1985 (50 FR 43603, October 28, 1985). On November 14, 1985, the ITC determined that there is reasonable indication that imports of EPROMs from Japan are materially injuring, or are threatening material injury to, a U.S. industry (50 FR 47852, November 20, 1985).

On December 2, 1985, we presented antidumping duty questionnaires to Hitachi Ltd. (Hitachi), Fujitsu Limited (Fujitsu), Toshiba Corporation (Toshiba), and NEC Corporation (NEC). Respondents were requested to answer the questionnaire in 30 days. However, at the requests of Hitachi, Fujitsu, Toshiba, and the Japanese Ministry of International Trade and Industry (MITI), we granted an extention to January 17, 1986. On January 17, 1986, we received incomplete responses from Hitachi, Fujitsu, and Toshiba, and a letter from NEC stating that it would not respond to our questionnaire. In letters dated February 3, 1986, the Department requested supplemental information from Hitachi, Fujitsu, and Toshiba. Additional information was submitted by these respondents on February 18, 1986.

On March 17, 1986, we published a preliminary determination that EPROMs from Japan were being sold at less than fair value in the United States (51 FR 9087).

After the preliminary determination, Hitachi, Fujitsu, and Toshiba requested an extension of the final determination date. These respondents were qualified to make such a request since they accounted for more than 90 percent of exports of the merchandise to the United States. If exporters who account for a significant proportion of exports of the merchandise under investigation properly request an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contrary, to grant the request. Accordingly, we granted the requests and postponed our final determination until July 30, 1986 (51 FR 15519, April 24, 1986)

Between March 10 and April 18, 1986, and between June 10 and June 12, 1986 (for Hitachi), we conducted our verification procedures of the information provided by these respondents at their facilities in Japan and the United States. On May 27, 1986, we held a hearing to provide all interested parties with an opportunity to comment on the investigation.

On July 30, 1986, the Department of Commerce and Japanese poducers/exporters which account for substantially all exports for certain EPROMs to the United States subject to this investigation signed a suspension agreement as provided under section 734 of the Act.

Our notice of the suspension of the investigation of EPROMs from Japan (51 FR 28253, August 6, 1986) announced that, pursuant to the Agreement and section 734(f)(2)(A) of the Act, the suspension of liquidation of all entries, entered or withdrawn from warehouse for consumption, of EPROMs from Japan, effective March 19, 1986, as directed in our notice of "Antidumping Preliminary Determinations of Sales at Less than Fair Value, Erasable Programmable Read Only Memory Semiconductors from Japan," was terminated and any cash deposits on entries of EPROMs from Japan pursuant to that suspension of liquidation were refunded and bonds released.

On August 26, 1986, petitioners requested that the investigation be continued under section 734(g) of the Act. Therefore, we are required to issue a final determination in this investigation.

Products Under Investigation

The products covered by this investigation are erasable programmable read only memories (EPROMs), which are a type of memory integrated circuit that is manufactured using variations of Metal Oxide-Semiconductor (MOS) process technology, including both Complementary (CMOS) and N-Channel (NMOS). The products include processed wafers, dice and assembled EPROMs produced in Japan and imported into the United States from Japan.

Finished EPROMs are currently provided for in the Tariff Schedules of the United States Annotated (TSUSA) under item 687.7445. Unassembled EPROMs, including unmounted chips, wafers, and dice, are provided for under TSUSA item 687.7405.

In the notice of initiation in this case, we tentatively included in the scope of this investigation processed wafers and dice produced in Japan and assembled into finished EPROMs in another country prior to importation into the United States from the other country. Although none of the respondents reported sales during the period of investigation of EPROMs assembled in third countries from Japanese manufactured dice, we now have information from the United States Customs Service that imports of such merchandise are occurring. Based on the information available to us we have determined that EPROMs assembled in third countries using wafers or dice processed in Japan are included within the scope of the investigation. We have also determined that a variant of EPROMs, OTPs (One-Time-Programmable read only memories) are included in the scope of the investigation. In making the decision to include both third country assembled EPROMs and OTPs in the scope of the investigation we have been guided by the fact that the processed dice contain all the essential electronic properties which distinguished EPROMS as a separate class of goods from other semiconductors. See our responses to petitioners comments #27 and 28 for more detail.

Fair Value Comparisons

For the three responding firms, to determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with foreign market value as specified below. For NEC, we made our fair value comparison using the best information available for both United States price and foreign market value, since NEC did not respond to our questionnaire. The best information available was the United States price and foreign market value in the petition.

For purposes of this determination, with regard to exporter's sales price (ESP) sales for all companies, we used the date of shipment as the date of sale in both the U.S. and home markets because, in this industry, this date is customarily the first date on which a binding commitment to sell the subject merchandise can be said to have occurred, as explained more fully in the comment section of this notice. With regard to Toshiba's purchase price sales, the date of contract was used as the date of sale because we determined that this was the date at which all key elements for the contracts (i.e, binding commitment, irrevocable price, quantities to be purchased) are firm.

United States Price

For certain Toshiba sales we used the purchase price of the subject merchandise to represent United States price, as provided in section 772(b) of the Act, since the merchandise was sold to unrelated purchasers prior to its importation into the United States. For other Toshiba sales and sales by all other respondents, we used the exporter's sales price to represent United States price, in accordance with section 772(c) of the Act, as the merchandise was sold after the time of importation. A small number of Hitachi's sales were made to unrelated purchasers prior to importation, but no calculations were performed on these sales. For Fujitsu, we disregarded certain U.S. sales when the disparity between their prices and the prices of such or similar merchandise in the home market was considered too great to be accounted for by normal market value factors.

We calculated purchase price based on the packed, F.O.B. prices to unrelated purchasers in the United States. We made deductions for foreign inland freight and insurance. Exporter's sales prices were based on the packed, duty-paid, C.I.F. prices to unrelated purchasers in the United States. For ESP, where appropriate, we made deductions for brokerage charges in Japan and the United States, foreign inland freight and insurance, commissions to unrelated parties, indirect selling expenses incurred both in Japan and in the United States, credit expenses, warranties, technical services, advertising, discounts, and rebates. The cost of additional packing performed in the United States was deducted, For Fujitsu, the cost of further processing in the United States, including an amount for profit or loss associated with that processing, was also deducted.

Foreign Market Value

The petitioners alleged that sales in the home market by all the respondents were at prices below the cost of producing the merchandise.

In accordance with section 773(a) of the Act, we calculated foreign market value based on home market prices, where there were sufficient home market sales at or above the cost of production, to determine foreign market value. Home market sales were considered insufficient for this purpose when less than 10 percent of sales of a particular product (by density, process, package, and lead coating) over the six-month period of investigation were above cost. We used constructed value as the basis for calculating foreign market value where there were no sales of such or similar merchandise in the home market during the month of the

U.S. sale, or where there were not sufficient sales, as defined in section 773(b) of the Act, above the cost of production during the six-month period.

We calculated a foreign market value for each product for each month of the period of investigation, due to sharp declines in monthly prices.

Constructed Value

In accordance with section 773(e) of the Act, we calculated foreign market value based on constructed value for Hitachi and Fijitsu when there were not sufficient home market sales of such or similar merchandise for the purpose of comparison. For Toshiba, we calculated foreign market value based on constructed value for all sales because more than 90 percent of its sales of each product were found to be below the cost of production. In determining constructed value, we calculated the cost of materials, fabrication, general expenses, profit and the cost of packing. General methodologies, which were applicable to all of the respondents, followed by the specifics for each respondent, are described below.

The Department matched the sales prices with the cost of manufacturing occurring three months prior to the date of sale for the final determination. Because of the nature of the industry, which is characterized by technological advancements and rapid changes in the production process, significant increases/decreases in the costs of production occur within a short period of time. Therefore a period of time before the date of sale to allow for the actual manufacturing costs incurred for its production is necessary. From information obtained from the respondents and from the petitioners, the Department concluded that a three-month period was appropriate to account for the production time prior to the date of sale.

Financial expenses used for the cost of production by the Department in its final determination included the net interest expense and the credit expense. interest expense was based on the interest expenses of the consolidated corporation during the fiscal year. Interest income related to the corporation's operation was netted against this expense. Because the full amount of the credit expense for home market sales was also included as part of the financial expense, an amount of interest expense was deducted from the total which represented interest expense related to the accounts receivable.

The Department applied its R&D methodology developed for products which require a significant research and development effort. The Department capitalized those R&D costs specifically associated with the product such as design and design improvements, pilot processing required by, and engineering efforts to produce, the necessary equipment. The criteria enumerated in International Accounting Standard #9 generally set forth the relevant guidelines. These costs are capitalized and amortized over the sales during the market life of the product. Current costs incurred for R&D related to the product-line, such as projects for improving materials or technology used for all or many of the products, are expensed and allocated to the relevant products sold during the period of review. R&D costs include all personnel costs, materials, services, depreciation of equipment and facilities, overhead and the other costs incurred for R&D. R&D incurred by the corporation for general purposes (unrelated to an existing product-line) are expensed and allocated to all of the products sold by the corporation during the period of review.

The Department included in the constructed value for the final determination, costs and adjustments related to start-up. The Department recognizes that certain costs may be incurred during start-up which may not occur during the later stages of production. Because start-up costs are ordinary costs incurred in the manufacture of the product, the Department capitalizes such costs prior to and during the early stages of production and amortizes such costs over the sales during the market life of the product. Start-up costs which are capitalized must be directly identified with start-up. Cost adjustments which reflect the effects of production quantities lower than anticipated capacity utilization are not necessarily attributable to start-up.

For Hitachi, the Department based its final determination on Hitachi's submission. However, for certain methods and valuation principles used by Hitachi and for certain costs which were not verified, the Department made adjustments or applied best information to determine the constructed values.

—The cost of manufacturing was based on the monthly costs incurred for each product for the months of January through June, 1985, thereby, accounting for a three month lag time prior to the dates of sale.

—Certain costs related to the retirement reserve, which had been omitted by Hitachi from the labor costs, were included.

—The overhead pools for the various plants, which were allocated by the Company for the submission to the products on the basis of standard labor hours, were reallocated by the Department. The method used by Hitachi, in some cases, significantly shifted the capital expenses for the semiconductor products to other unrelated products.

—The depreciation expense, which had been restated by Hitachi for its submission based on the residual value of the assets and an extension of their useful life by two years, was recalculated by the Department using best information.

—Certain expenses of the plants had been reclassified by the company for the submission as general expenses. These were reclassified by the Department as part of the cost of manufacturing.

—Best information was used for product-line and product-specific research and development expenses.

For the general expenses, the Department included the home market direct and indirect selling expenses, general research and development, financial expenses and general and administrative expense, adjusted to reflect certain expenses of a general nature which had been excluded by Hitachi. The actual general expenses did not exceed 10 percent of the sum of the materials and fabrication expenses. Therefore, for the constructed value the statutory minimum 10 percent for the general expenses was used. The statutory minimum of 8 percent profit was added to materials, fabrication and general expenses, because actual profit was less than that amount.

For Toshiba, the Department based its final determination on Toshiba's submission. However, for certain methods and valuation principles used by Toshiba and for certain costs which were not verified, the Department made adjustments or applied best information to determine the constructed value.

—The cost of manufacturing was based on the monthly costs incurred for each product for the months of January through June, 1985, therefore, accounting for the three month production time prior to the date of sale.

—The yields used by the respondent for the wafer fabrication cost calculation were adjusted to the actual yields. The wafer fabrication cost components were adjusted to reflect the fully yielded amount based on the actual yields.

—The depreciation expense, which was not verified, was derived by using "best information."

—The yields used by the respondent for the assembly and test costs calculation presented in the response were adjusted by using "best information," and the cost components

were adjusted to reflect the fully yielded amounts based on this "best information."

—The labor and overhead costs were adjusted for wafer fabrication and assembly/test by using the "best information," because these costs were not based on acceptable standards, and reflected omissions and misallocations.

—The product-line and product-specific research and development expenses submitted by Toshiba were used, adjusted for certain omitted costs.

—General expenses as provided by Toshiba could not be verified. Best information, based on Toshiba company data was used.

—Packing was adjusted to include packing materials and subcontract costs.

For general expenses, the Department included the home market direct and indirect selling expenses, general research and development, financial expenses and general and administrative expenses. The actual general expenses exceeded 10 percent of the sum of the materials and fabrication expenses. Therefore, for the constructed value, the actual general expenses were used. The statutory minimum of 8 percent profit was added to materials, fabrication and general expenses, because actual profit was less than that amount.

For Fujitsu, the Department based its final determination on the company's submission, in part, and on "best information" for the remainder. Throughout the verification, certain documents and analyses were requested by the Department which the company refused to provide. In addition, the company's apparent lack of preparation of basic worksheets supporting the submission and failure to provide those and other documents in a timely manner, if at all, prevented the verification team from conducting necessary procedures during the verification. Because of the lack of progress, the verification proceedings were suspended by the Department. Because the absence of certain documents severely limited the scope of the verification, the cost of manufacturing was not considered to be verified. The information requested, but not provided, for this area included:

—Worksheets documenting the reconciliation of the submission to the cost accounting records for a sufficient number of products and months so that the adequacy and completeness of the submission could be tested;

—Full reconciliation of the submission to the in-house product cost system for any one product;

—Equipment acquisition costs for all fixed assets involved in the production of EPROMs;

—Documentation related to the allocation of all indirect costs centers;

—Wafer fabrication yield data for completed lots;

—Documentation for production quantities;

—Profit/loss statement for the Semiconductor Operating Group.

The cost of manufacturing for Fujitsu was based on the monthly costs for January-June of the highest-cost producer of the other respondents, with the exception of research and development expenses.

For general expenses, the Department included the home market direct and indirect selling expenses, general research and development, financial expenses of this notice and general and administrative expense. Where the general expenses were lower than the statutory minimum of 10 percent, the statutory minimum was used. The statutory minimum of 8 percent profit was added to the cost of materials, fabrication and general expenses, because actual profit was less than this amount.

Price to Price Comparisons

For Hitachi and Fujitsu, we found sufficient sales above the cost of production for certain product groups to allow use of home market prices to determine foreign market value in accordance with section 773(a)(1)(A) of the Act. For Toshiba, since virtually all sales were found to be below the cost of production, we calculated foreign market value based on constructed value. For fair value comparisons we compared, where available, identical merchandise. Where comparisons were made between similar merchandise, the similar merchandise was selected based on criteria of density, process, month, package type, lead coating and speed, in that order of priority. Comparisons were made at the same levels of trade where sales at those levels existed. Otherwise, comparisons were made at the nearest comparable commercial level of trade. We calculated the home market price on the basis of the delivered price to unrelated purchasers. When we compared purchase price to foreign market value, we made deductions for foreign inland freight and insurance. We also made adjustments for differences in circumstances of sale for credit terms in accordance with § 353.15 of our regulations.

When we compared ESP with foreign market value, we made deductions, where appropriate, for foreign freight and insurance, discounts, rebates, and commissions to unrelated parties in the home market. We also made deductions, where appropriate, for differences in circumstances of sale for credit terms, technical services, and warranty, in accordance with § 353.15 of our regulations. Where appropriate, we offset commissions paid on U.S. sales with indirect selling expenses in the home market, in accordance with § 353.15(c) of our regulations. We also used indirect selling expenses to offset United States selling expenses, in accordance with § 353.15(c) of our regulations.

For both purchase price and ESP, in order to adjust for differences in packing between the two markets, we deducted home market packing costs and added U.S. packing costs to the home market prices.

Currency Conversion

In calculating foreign market value, we made currency conversions for Japanese yen to U.S. dollars in accordance with § 353.56(a) of our regulations, using the certified daily exchange rates for comparisons involving purchase price. For ESP comparisons, we used the official exchange rate for the date of sale, which we determined was the date of shipment, since the use of that exchange rate is consistent with section 615 of the Trade and Tariff Act of 1984 (1984 Act). We followed section 615 of the 1984 Act rather than § 353.56(a)(2) of our regulations because the later law supersedes that section of the regulations.

Verification

Where possible, we verified the submitted information used in making our final determination in accordance with section 776(a) of the Act. We used standard verification procedures, including examination of relevant sales and financial records of each company. Where information could not be verified, we used the best information available.

Respondents' Comments

Hitachi Comment No. 1: Hitachi states that its method for allocating factory overhead, based on the relative standard labor hours for memory and non-memory products should be used, because this was the method used by the company for its internal accounting.

DOC Position: We disagree. The Department analyzed the company's method of allocating overhead to determine if this method reasonably apportioned costs among the products being manufactured in each plant. This analysis revealed that this method

significantly shifted the depreciation expenses which could be directly identified with memory products to non-memory products. Therefore, since this allocation method caused distortions in costs, the Department reallocated overhead based on relative depreciation expenses of memory and non-memory products.

Hitachi Comment No. 2: Hitachi argues that its restatement of depreciation for the response was performed in accordance with generally accepted accounting principles and, therefore, should have been accepted by the Department.

DOC Position: We disagree. Hitachi restated its depreciation expense from a three-year to a five-year useful life by basing this depreciation expense on the residual value of the equipment, as of the time of the investigation, and extending the life of the assets for an additional two years. This restatement did not reflect depreciation based on a useful life of five years and substantially understated the depreciation expense, because (1) depreciation expenses for equipment three to five years old which had been fully depreciated, were not captured, and (2) the amount of depreciation, based on the residual value for equipment not fully depreciated which was extended for an additional two years, would be significantly less than the depreciation amount based on a useful of five years as of the date of acquisition.

Furthermore, this is not the type of situation where such restatement of depreciation would be justified. Generally accepted accounting principles which pertain to a change in the estimated useful life apply to situations where new events have occurred, additional experience has been acquired or additional information had been obtained, so as to make the original estimate inaccurate. Hitachi has not changed its accounting estimates for the useful life for this equipment for its financial reporting purposes.

Hitachi Comment No. 3: Hitachi states that the prices, as recorded in its books, of the equipment acquired from other Hitachi divisions reflected the cost of production for this equipment and should be used by the Department to determine the depreciation.

DOC Position: We agree. The Department reviewed the cost of equipment obtained from Hitachi's other divisions. The difference between actual cost of production and the price of such equipment recorded on the books would have a *de minimis* impact on the depreciation expense. Therefore, the record amount was used.

Hitachi Comment No. 4: Hitachi argues that the retirement costs reflected on its books should not be used because they exceed the amount which can be deducted for tax purposes.

DOC Position: We disagree. The Department used the cost incurred by the company for its retirement expense. The fact that these costs are not fully tax deductible is not relevant in determining the cost incured by the company for manufacturing the product.

Hitachi Comment No. 5: Hitachi argues that it is appropriate to net interest income against interest expense even though it results in a negative interest expense.

DOC Position: The Department applied its usual methodology and netted interest income related to the operations of the company against interest expense.

Hitachi Comment No. 6: Hitachi states that the Department should use the selling, general and administrative expenses presented in the submission, because they 1) include all relevant costs such as direct and indirect selling expenses, general and administrative expenses of the subsidiary, and 2) these costs are appropriately allocated to the product.

DOC Position: The Department used Hitachi's selling, general and administrative expenses, but adjusted such amounts by including actual direct and indirect selling expenses for the home market and certain other expenses which are general in nature and incurred by the corporation, but which were not included by Hitachi in its submitted cost.

Hitachi Comment No. 7: Hitachi claims that there are no records for wafer production time other than the "travellers" provided at the verification.

DOC Position: The Department reviewed "travellers" which accompanied the wafers through the production process. However, since the company's records did not contain production time information, and because a sufficient number of such travellers could not be tested to be considered a credible sample, the Department did not consider such data to be verified.

Hatachi Comment No. 8: Hitachi states that the wafer costs used in the submission, based on the purchase prices and the cost of production for wafers produced by related companies, are accurate and should be used.

DOC Position: We agree. The wafer costs as submitted in the response were verified and used by the Department for its final determination.

Hitachi Comment No. 9: Hitachi argues that the Department should use the statutory 8 percent profit, because the actual profit was lower for the product under investigation during the relevant period.

DOC Postion: We agree. The Department used the 8 percent statutory minimum profit.

Hitachi Comment No. 10: Hitachi contends that (1) there was no allocation of historic R&D at laboratories or at the Device Development Center associated with EPROMs, because there was no product-line or product-specific R&D needed for the product, and that the general laboratory expenses were allocated on a current basis, (2) product engineering department expenses were not included as product-specific or product-line, because they were not related directly to the product, and (3) the historic costs were allocated over total units to be sold in the past and future. Therefore, the Department should use the amount of R&D submitted in its response.

DOC Position: We disagree. The Department attempted to verify the R&D costs as submitted. However, sufficient documentation could not be reviewed or obtained to test adequately the company's claims. Therefore, best information was used for the product-line and product-specific R&D.

Hitachi Comment No. 11: Hitachi claims that the Department should not use Intel's cost model because (1) the model assumes a set of mechanical relationships derived largely from bits and pieces of public information, and (2) it is not in accordance with the constructed value methodology. Hitachi urges the Department to use the data it supplied.

DOC Position: The Department used the company's actual cost for the manufacturing and sales expenses of the merchandise under investigation. In those instances when such information was not appropriately identified, quantified, valued and/or verified, the Department used "best information." If, in the Department's judgment, publicly available data are the most appropriate information, then they may be used as the "best information."

Adjustments were made to Hitachi's costs, as outlined in the "constructed value" section of this notice.

Hitachi Comment No. 12: The Department should have converted currencies at the rate prevailing at a time prior to the date of sale in order to give the producer a reasonable time in which to adjust to sustained changes in exchange rates. Hitachi suggests that the previous quarter's exchange rate be used, arguing that this is consistent with the special rule in 19 CFR 353.56(b).

DOC Position: We do not agree with Hitachi's interpretation of the special rule. Since the change in relative values of the currencies was moderate and progressive, it is reasonable to expect that Hitachi, in setting prices in the United States, would have taken into account then current exchange rates. To interpret the general statement in 19 CFR 353.56(b) otherwise would render section (a) of this regulation meaningless, since no currency conversion would ever be made at the normal times called for in that section, unless there had been absolutely no change from quarter to quarter. This is not the intent of the regulation.

Hitachi Comment No. 13: Hitachi argues that no production lag should be applied for the purpose of determining sales below cost pursuant to 19 U.S.C. 1677b(b). Further, if a lag time is used in the computation of constructed value pursuant to 19 U.S.C. 1677b(e), it should only account for the time ordinarily required to produce the merchandise prior to the date of exportation, and should not take into account inventory time.

DOC Position: Section 1677b(b) of the Act directs the Department to determine whether sales are made at prices which represent less than the cost of producing "the merchandise in question." We have interpreted this language to mean that costs should be matched to the merchandise sold, just as it is done for constructed value determinations. This is particularly true, where as here, there was considerable volatility of both costs and prices in the period. We have not, however, applied a lag for inventory time in Japan, inasmuch as there is insufficient evidence to support such an adjustment.

Hitachi Comment No. 14: The Department should calculate separate margins for each different density and process EPROM. Each density and process EPROM is a unique product with numerous physical differences from other EPROMs.

DOC Position: We disagree. EPROMs are a distinct category of semiconductor. The fact that there are additional subdivisions of this category does not require that each subdivision have its own margin. Instead, the Department determines that the different densities and processes of EPROMs are all within the same class or kind of merchandise prescribed in section 731 of the statute, to which the Department generally applies a single rate. In determining whether products are within the same general class or kind of merchandise we assess, (1) the general physical characteristics of the merchandise, (2) the expectations of the ultimate purchasers, (3) the channels of trade in which the merchandise moves, and (4) the ultimate use of the merchandise. In this case, the different densities have the same general physical characteristics. While respondents argue that pin configurations can vary, this difference can be easily compensated for, for instance, by providing extra pin holes on the circuit board. Similarly, physical size differences are not a significant distinction. Instead, the similarities between each generation are far more important than the differences, since the basic function of an EPROM remains identical over successive generations of EPROMs regardless of the geometric increase in density. Further, the various generations of EPROMs are to a large extent interchangeable. For example, four 64K devices would perform the exact task of a single 256K chip. The only difference between densities is in the memory storage capacity of the chip. Thus, the expectations of the purchasers and ultimate intended use are substantially the same for the different densities, differing only with respect to the degree of memory storage required. Finally, because of the product substitutability, the different densities move in the same channels of trade, as was further supported by the use of similar advertising. With respect to CMOS and NMOS EPROMs, the Department finds that, while there are differences in speed, complexity and cost of the two devices, they are fundamentally similar in their design and purpose such as to make them substantially interchangeable and within the same class or kind of merchandise. Further, prices and costs rapidly change in this product as one generation succeeds another. An average rate based on several generations at different stages of development will probably be most representative, for estimated duty deposit purposes, of the rate of one generation over an extended time.

Hitachi Comment No. 15: EPROMs of 1 megabit and above should be excluded from the scope of the investigation due to their markedly different physical characteristics.

DOC Position: We disagree. One megabit EPROMs are simply the next generation of this type of device. The ultimate use of one megabit EPROMs is the same as for earlier generation EPROMs, and they are sold in the same channels of trade. Their physical differences are not more pronounced than the differences between other generations of EPROMs, and are outweighed by the similarities in function and use. For the same reasons expressed in our response to Hitachi comment #14, in which we describe why we do not consider other densities to constitute different classes or kinds of merchandise, we do not consider one megabit EPROMs to be a separate class or kind of merchandise. We have, therefore, decided not to exclude them from the scope of the investigation and final determination.

Toshiba Comment No. 1: The respondent argues that the Department's methodology to calculate R&D expenses is flawed because the approach does not follow GAAP and is administratively burdensome. They contend that although all companies maintain records differently from R&D, the Department should use the company method of recordkeeping.

DOC Position: The methodology for R&D used by the Department identifies R&D expenses associated with the manufacturing of the product. Generally accepted accounting principles' primary purpose is to develop principles which fairly present the company's overall operating results over a period of time. The constructed value provision of the antidumping law is intended to identify the cost necessary for the manufacture and sale of a particular product. Therefore, if there are costs which are not specifically identified with a product on the company's financial statements, but can be identified with the product through other documentation, the Department may use these product-specific costs in calculating the cost of production. The Department notes that it can not rely solely on the company's recordkeeping methods for determining costs, since such records may not capture all relevant expenses, may inappropriately value such costs, or may not identify such costs with the product.

Toshiba Comment No. 2: The respondent contends that the use of 15 percent of sales price, the average R&D expenditures reported by the Japanese companies to MITI, should not be used because (1) it represents the expenditures for prior years, and (2) the Department does not know all the categories of R&D included in the R&D reported by the companies to MITI.

DOC Position: The Department used Toshiba's actual R&D expenses, as adjusted.

Toshiba Comment No. 3: Toshiba claims that the Department should offset interest expense by interest income to the extent income is tied to operations.

DOC Position: We agree. See "Constructed Value" section, third paragraph.

Toshiba Comment No. 4: Toshiba states that although the selling, general

and administrative expense, included as part of the costs of EPROMs, is lower than the corporate average, the submitted amount included general expense from all corporate levels, corporate R&D and selling expenses. Therefore, the submitted amount should be included.

DOC Position: We disagree. The Department reviewed the general and administrative expenses submitted by Toshiba and found no evidence of divisional general expenses being included in the general expenses. Therefore, the submitted amount was not used.

Toshiba Comment No. 5: Toshiba alleges that because of the dynamic nature of the industry, the Department must adopt a flexible approach and analyze the sales and costs over an extended period, even over the expected life of the product.

DOC Position: We feel that, for this industry, the six month period of sales and costs examined was an extended period. This is also the period normally relied on by the Department for other products. To go beyond this period would require us to base our determination on costs and prices which have not been incurred or taken place. We believe it is inappropriate to make our determination on such subjective and unverifiable data.

Toshiba Comment No. 6: Toshiba contends that the Department made certain methodological errors in its preliminary determination. These were: (1) Lagging the cost of production to the sales prices, because the respondent had already lagged this cost, (2) imputing credit expenses and also including financing expenses, (3) not offsetting interest expense with interest income, and (4) not deducting rebates as a circumstance-of-sale adjustment.

DOC Position: The Department reviewed the respondent's submission prior to verification for use in its premliminary determination. When it appeared that certain costs were not included or were not appropriately valued, the Department used best information to adjust such costs. In the case of Toshiba's preliminary determination, the response: (1) Was not clear as to the method used or the costs which were lagged, (2) appeared to have offset interest expense with investment income not related to the ordinary operation, and (3) had not included an amount for credit expense. Therefore, the Department adjusted these costs for its preliminary determination. For its final determination, the Department continued to lag the cost of manufacturing and included a credit expense. The department deducted rebates as a circumstance of sale adjustment.

Toshiba Comment No. 7: Toshiba points out that in its books, a three-year useful life with additional bonus depreciation was used. However, a five year useful life was recalculated by the company for the verification, in accordance with tax law, since the Department used five years for its preliminary determination. Toshiba argues the the Department should accept the recalculated depreciation for the final determination.

DOC Position: The Company restated its depreciation from a three-year useful life to a five-year useful life by extending the life by two additional years and basing the deprecation on the residual value of the equipment as of the period of investigation. Although such method may be useful for tax purposes, the Department did not accept this restatement, because it substantially understated the amount of depreciation. Therefore, the Department used an estimate, based on data in the record, as best information for the depreciation expense. See the response to Hitachi Comment No. 2.

Toshiba Comment No. 8: Toshiba contends that the R&D it presented was in accordance with the Department's methodology except for an error of not including the quality assurance department expense. Contrary to the verification report, Toshiba points out that product-specific R&D after commercialization was included, and that certain expenses, which were not included in R&D, were considered to be selling expenses.

DOC Position: The Department verified the R&D expenses presented by Toshiba. This amount was used for the final determination.

Toshiba Comment No. 9: Toshiba argues that each density of EPROM should be treated as a separate class or kind of merchandise because of significant physical differences between characteristics and production process technologies associated with each generation of EPROM, differences in end use, and substantial price difference between EPROM generations.

DOC Position: We disagree. See response to Hitachi comment No. 14.

Toshiba Comment No. 10. Toshiba argues that the Department should calculate separate margins for CMOS and NMOS EPROMs. While NMOS EPROMs have an advantage of greater speed, lower power consumption, and the generation of less heat, CMOS EPROMs are more complex and employ a more costly technology, which requires more manufacturing steps than NMOS. Furthermore, CMOS EPROMS command a substantial premium over NMOS because they are suited to particular applications that cannot be adequately satisfied by NMOS models. The price difference, therefore, reflects a basic functional dissimilarity which supports the separate classification of NMOS and CMOS EPROMs.

DOC Position: We disagree. See response to Hatachi comment No. 14.

Toshiba Comment No. 11: Toshiba argues that the scope of the investigation should not include processed wafers and dice produced in Japan and assembled into finished EPROMs in another country prior to importation into the United States.

DOC Position: We disagree. See DOC response to Petitioners' Comment No. 28 (General).

Fujitsu Comment No. 1: Fujitsu argues that the lag methodology adopted by the Department has no statutory basis. In rapidly changing cost environments, the Department traditionally has constructed costs for each month and compared these costs with sales of the same month. In addition, the Department's assumption that all costs including assembly and testing were incurred two months before the month of sale is arbitrary and inconsistent in the case of EPROMs.

DOC Position: We disagree. The Department, for hyperinflationary economy countries, has matched current cost with sales in the same month in order to account for the rapidly changing nominal value of the currency. However, in this case, the change in the costs is a result of the efficiencies of the production cost. The increase or decrease in cost is not a result of a change in the value of the currency but is a change in the actual costs required for the production of the product.

For the Department's position on lag, see "Constructed Value" section, second paragraph.

Fujitsu Comment No. 2: Fujitsu declares that it is the Department's longstanding practice to calculate production costs in accordance with generally accepted accounting principles in the home market, unless those principles artificially distort the results. Fujitsu finds no basis for the Department's deviation from these principles with regard to calculation of Fujitsu's R&D and SG&A costs.

DOC Position: We disagree. See DOC response Toshiba Comment No. 1.

Fujitsu Comment No. 3: The appropriate value for Fujitsu's R&D is that amount expensed during the period for which costs were measured. Fujitsu argues that the Department should not assume general R&D is connected solely

with semiconductors. A portion of R&D should be allocated to costs associated with the wide variety of computer and telecommunications devices Fujitsu also manufacturers, as well as to costs associated with semiconductors used internally by Fujitsu.

DOC Position: With the exception of R&D devoted specifically to EPROMs prior to commercialization, the Department based the R&D expenses of Fujitsu on the period April-September 1985. R&D incurred at semiconductor research facilities was allocated to semiconductors used internally by Fujitsu as well as external sales. Expenses of the corporate laboratory were treated as general and administrative expenses.

Fujitsu Comment No. 4: The Department excluded product-specific R&D from SG&A and aggregated these costs with other direct costs of manufacturing. Fujitsu contends the exclusion of any R&D expense from SG&A violates standard accounting principles, raises the cost of manufacturing, and lowers SG&A.

DOC Position: The Department followed Fujitsu's practice of classifying product-specific R&D expense as a cost of manufacture.

Fujitsu Comment No. 5: Fujitsu declares the Department's method of calculating constructed value has led the Department to double count certain R&D expenses. In its preliminary determination, constructed value contained not only R&D expenses equal to 14 percent of the cost of manufacture, but also some costs (product-specific R&D) which were already reported and included in the cost of manufacture.

DOC Position: The Department used "best information" for its preliminary determination. Such double counting has been eliminated in the final determination. No industry-average figure was included in the R&D expenses of Fujitsu.

Fujitsu Comment No. 6: Fujitsu contends that the Department should use Fujitsu's actual financing costs submitted to the Department rather than an imputed percentage. Credit expenses and long- and short-term debt should not be included in SG&A to meet the 10 percent threshold.

DOC Position: We disagree. See "Constructed Value" section, paragraph three.

Fujitsu Comment No. 7: Fujitsu argues that the Department should not include in the U.S. assembly costs, material costs of the unassembled items transferred from Japan (chip, gold wire, lead frame). Only a small amount of gold ribbon is purchased in the U.S. for use in assembly. All other materials are transferred from Fujitsu Ltd. and should be added to the cost of production in Japan.

DOC Position: The cost of the chip was not included in the cost of U.S. assembly. Since the other materials were added in the production process in the United States, the costs of these items were included in U.S. assembly cost.

Fujitsu Comment No. 8: The Department stated the scope of testing was limited because worksheets were provided for two products for one month. The products referred to constitute most of the EPROMs sold by Fujitsu during the period of investigation. The company believed the Department wished to look at only one month's worksheets, but by the end of verification it provided workshets for three months.

DOC Position: The Department stressed to the respondents that the worksheets used in the preparation of the questionnaire responses should be saved and be available for review at verification. If a respondent cannot trace the cost amounts in the submissions through worksheets into the cost accounting system, the company cannot expect the Department to conclude that the submission is properly supported by the cost accounting system. The worksheets provided to the Department were not furnished in a timely manner nor did they provide a sufficient basis to conclude that all costs were included and appropriately stated.

Fujitsu Comment No. 9: Fujitsu states the company was unfamiliar with verification procedures, was cooperative, and would have provided all information requested at the Department's convenience.

DOC Position: The failure of Fujitsu to allow verification to proceed at an acceptable pace over a period of almost three weeks seriously impeded the progress of the investigation. Under the strict statutory timetable of this investigation, a prolonged verification would have disrupted the ability of the Department to analyze the information and the opportunity for petitioners to comment on the Department's findings. Furthermore, to allow respondents to treat verification in such a way, knowing that the result would simply be an additional verification, would severely damage the effectiveness of the Department's administration of the antidumping statute.

Fujitsu Comment No. 10: Fujitsu contends that the Department, in calculating depreciation expenses, should not assume that a large portion of production equipment is manufactured by related companies since Fujitsu provides the design specifications to several companies which then manufacture the equipment for Fujitsu. Only a small percentage of the total acquisition cost of all semiconductor equipment is provided by a related supplier. The purchase price for this equipment is equivalent to third party prices for substantially identical equipment.

DOC Position: The Department could not verify the facts related to this claim. Therefore, because this and other facts could not be verified, best information was used for the cost of manufacturing which included the depreciation expense for the final determination.

Fujitsu Comment No. 11: Fujitsu argues that the Department should accept as reasonable the different allocation methods used by the different plants, because there are substantial differences in the technical set-up the production lines at the different plants.

DOC Position: The Department could not verify the facts related to these allocation methods. The theoretical arguments related to the allocation methods are, therefore, not relevant. Because this information and other facts could not be verified, best information was used for the cost of manufacturing for the final determination.

Fujitsu Comment No. 12: Fujitsu calculated its average yield for each particular process in accordance with its process cost accounting system, rather then by lot or by wafer start. The Company argues that discrepancies between yields as tested and as submitted are due to errors in sampling methodology.

DOC Position: During verification, the Department attempted to reconcile the submitted yields to the company's records. Discrepancies were noted. The Department attempted to determine the credibility of the company's data by extending the sample which was tested. The company did not provide this additional information, nor did it suggest a different method for establishing the credibility of the data which were submitted.

Fujitsu Comment No. 13: Fujitsu requests that the Department accept the Semiconductor Operating Group's profit and loss statement which Fujitsu provided late in the verification. Fujitsu claims that it was not provided earlier because this management report was not a source document for the numbers submitted to the Department.

DOC Position: The profit and loss statement was not provided until subsequent to the on-site verification. Therefore, the information being verified

could not be reconciled to this statement.

Fujitsu Comment No. 14: The Department was provided, at the time of the suspension of verification, with a schedule of its acquisition costs of all fixed assets in EPROM production that have been purchased in the last five years, grouped by useful life. The Department should use this data.

DOC Position: This schedule of acquisition costs of fixed assets by useful life was provided subsequent to the completion of the on-site verification. The Department could not test or reconcile this information. Therefore, depreciation expense was not considered to be verified.

Fujitsu Comment No. 15: Fujitsu notes that the Department has included a foreign exchange loss as an item under "Miscellaneous expenses." Such exchange rate loss is unrelated to home market sales and should not be included.

DOC Position: We agree. Foreign exchange losses were not included in the cost of production.

Fujitsu Comment No. 16: Fujitsu argues that all underlying data needed to allocate labor and overhead expenses of Fujitsu in San Diego were verified. In addition, Fujitsu advocates a specific method of allocating standard costs plus variance to products produced in San Diego.

DOC Position: We agree that underlying data such as labor and overhead expenses by department and production quantities were verified and we have based our calculation of U.S. manufacturing cost on these amounts. Allocation of labor and overhead expenses to specific products was based on each device in proportion to its standard cost. The reallocation method proposed by Fujitsu was rejected as untimely and unverified.

Fujitsu Comment No. 17: Fujitsu argues that a characteristic of the royalty expense of Fujitsu makes it inappropriate to include this expense as a cost of production. The nature of this characteristic is business proprietary information.

DOC Position: We agree. In this case, the royalty expense of Fujitsu in San Diego was not included in U.S. manufacturing costs.

Fujitsu Comment No. 18: Fujitsu argues that reconciliation to the internal accounting system should be considered complete. Only an insignificant portion of reconciliation to the accounting system was not completed before verification was suspended. Fujitsu believes it supplied the Department with all remaining information necessary to complete the reconciliation.

DOC Position: When a company has an internal product cost accounting system which it uses in the ordinary course of business, the Department expects the company to base its response on this system. Fujitsu had such a system but developed another methodology for its questionnaire response. Under these circumstances, the Department must completely reconcile the costs in the response to the firm's accounting system to determine if all costs have been included, appropriately valued, and allocated. The Department did not complete this reconciliation for Fujitsu's submitted costs. The Department cannot use data submitted subsequent to the on-site verification, since such data cannot be tested or reconciled to other relevant information.

Fujitsu Comment No. 19: Fujitsu claims that the change in Fujitsu's basis for calculating depreciation from a six-month to a twelve-month fiscal period is independent of this investigation and should not be a source of concern to the Department.

DOC Position: Since the Department did not obtain sufficient documentation to verify the depreciation expense, the Department used best information.

Fujitsu Comment No. 20: Fujitsu argues that the Department possesses sufficient verified data concerning monthly depreciation expenses for the five wafer fabrication cost centers at one of the plants.

DOC Position: Although the Department obtained some information concerning monthly depreciation expenses for the five wafer fabrication cost centers at one production site, the sample was very limited. Therefore, the Department did not find the support sufficient to consider the information to be verified.

Fujitsu Comment No. 21: The Department has in its possession verified inventory data for finished devices by device type and access speed. Fujitsu has no inventory record which accumulates all devices by access speed alone. The Company believes the inventory data provided should be sufficient to substantiate submitted volumes.

DOC Position: The Department obtained some inventory information. However, the Department did not find this data to be sufficient to consider inventory to be verified. Information in addition to that related to inventory would need to be verified in order to consider production volume to be verified.

Fujitsu Comment No. 22: According to Fujitsu, the general differences in relative sizes of variances between the plant manufacturing EPROMs and the Semiconductor Operating Group as a whole are primarily a result of the facilities' relative ages and sizes.

DOC Position: The Department could not determine from the information provided whether the variances were appropriately identified with the various plants.

Fujitsu Comment No. 23: Fujitsu argues that EPROM dice should not be included in the scope of the investigation because they are not the same class or kind of merchandise as completed EPROMs.

DOC Position: We disagree. There is no use for an EPROM wafer or die other than in a completed EPROM. Therefore, both the ultimate use and the ultimate purchasers of the components and the finished product are the same. Similarly, there are no separate channels of trade, since the only way the product is advertised is in the form of a finished EPROM, which includes the components. Lastly, the only physical difference between the completed EPROM and die and wafers is that one is assembled and the other is not. The components are identical. (See DOC response to Hitachi Comment #14, for further discussion of class or kind.)

Fujitsu Comment No. 24: EPROM dice should not be included because they are manufactured into completed EPROMs in the U.S. and are, therefore, products of the United States and outside the scope of an antidumping investigation.

DOC Position: We disagree. Both EPROM dice and completed EPROM are explicitly included in the scope of investigation. The fact that EPROM dice are further manufactured in the United States prior to sale does not preclude their inclusion in our investigation. The exporter's sales price provisions of the statute (section 772(e)) implicitly gives the Department authority to include merchandise in the scope of the investigation or order which is further manufactured in the United States.

Fujitsu Comment No. 25: Fujitsu argues that if EPROM dice are included in the scope of the investigation, a separate weighted-average margin should be calculated for the merchandise.

DOC Position: We disagree. As stated in our response to Fujitsu comment #23, we feel that both EPROM dice and completed EPROMs are the same class or kind of merchandise, capable of performing the same functions with only minor modifications. We, therefore, have not differentiated between the products for purposes of determining dumping liability.

Fujitsu Comment No. 26: Fujitsu argues that the Department should calculate a margin based on completed EPROMs and apply it to both EPROM dice and completed EPROMs.

DOC Position: We disagree. As stated in response to Fujitsu comments No. 24 and No. 25, EPROM dice have been included in the scope of the investigation and importations of this merchandise cannot be ignored in our calculations of dumping margins. In order to derive the most accurate calculation of dumping margins, the Department determined that it was necessary to examine both EPROM dice and completed EPROMs.

Fujitsu Comment No. 27: Respondent claims each density of EPROM is a separate class or kind of merchandise and should be the subject of individual weighted-average margins.

DOC Position: We disagree. See response to Hitachi Comment No. 14.

Fujitsu Comment No. 28: Respondent argues that the Department erred in comparing U.S. sales to constructed value based on costs two months prior to the dates of sale.

DOC Position: See response to Hitachi Comment No. 13.

Fujitsu Comment No. 29: Respondent claims that the Department erred in calculating a profit or loss attributable to the EPROM dice used in the manufacture of a finished EPROM in the United States, in that the calculation did not take into consideration the disproportionate amount of value added in the U.S. assembly operation. Fujitsu proposes that the Department correct this error by either (1) making an ESP deduction for further manufacturing in the United States based on values rather than cost, or (2) by maintaining its current methodology, but adjusting profit or loss to reflect losses caused by the high U.S. manufacturing costs.

DOC Position: The Department has calculated United States prices in ESP situations by deducting the value of further processing based on the costs of the processing because these costs are the only reasonable measure of value available to it. Profit or loss has been assigned to the costs of the dice in the same ratio as found in the cost of the finished EPROM.

Fujitsu Comment No. 30: Fujitsu claims the Department's computerized formula for calculating the United States price of the unassembled EPROMs is flawed.

DOC Position: The Department agrees that its program to calculate United States price for its preliminary determination contained both technical and factual errors. The program was changed to eliminate the errors for our final determination.

Fujitsu Comment No. 31: Fujitsu contends an error was made in programming the identification codes for 128K, 64K, and SB0716 EPROMs.

DOC Position: We agree and have corrected this error for our final determination.

NEC Comment No. 1: The Department should not have sent a questionnaire to NEC as the three other producers examined represented nearly 90 percent of exports.

DOC Position: The selection of those producers who will be required to respond to questionnaires is discretionary. In this case, we gave full consideration to NEC's position as expressed in its letter of November 26, 1985. However, in view of the uncertainty of trade statistics (EPROMS do not have a separate tariff classification) we decided the NEC response was necessary to obtain an accurate determination of sales at less than fair value. Therefore, we did not withdraw our questionnaire.

NEC Comment No. 2: Information in the petition can no longer be considered the best information available to the Department. The best information available should be the average margins of responding firms or the highest weighted-average margin of one of these firms. The best available information should not be considered a punitive measure.

DOC Position: We rely on full and complete responses, successfully verified, to reach our determination. When a company is requested to respond and refuses, the most conservative approach is for us to assume that the potential respondent has seen the petition and determined that its actual margins of dumping are even higher than those alleged. To use rates which are lower than those alleged, derived from companies who have participated in the investigation, would enable a respondent to obtain more favorable treatment by refusing to respond than by answering the questionnaire. This is unacceptable. In those instances where we have used as the best information available the highest margins for other respondents, the producers for whom best information was used had made good-faith efforts to comply with our questionnaire; their responses had simply been incomplete or erroneous. That situation is sufficiently different from the case of NEC, which refused entirely to respond, to support different assumptions as to what the actual margins would have been, and therefore, what information should form the basis of best information available.

Petitioners' Comments

Petitioners' Comment No. 1 (Hitachi): Petitioners claim that Hitachi (1) did not account for all its R&D, nor were such costs verified, (2) allocated factory overhead on an incorrect basis, (3) incorrectly recalculated depreciation expenses, (4) offset interest expense with interest income related to other products, and (5) did not account for all of its selling, general, and administrative expense; therefore, the Department should use "best information" for these costs.

DOC Position: For the Department's treatent of such costs, see Respondent's Comments-Hitachi.

Petitioners' Comment No. 2 (Hitachi): The Department should allocate price protection and ship and debit post delivery price adjustments to particular original sales, if possible. If not, then they should connect payments to particular sales using a "first in, first out" (FIFO) inventory assumption. The payments should be assigned to the most recent sales to distributors. Payments should not be averaged as this dilutes the per unit amount rebated.

DOC Position: Since the rebates are not related to any identifiable individual sale, it was necessary for the respondents to choose some reasonable method to allocate these rebate payments. One used an average method, and two used FIFO for price protection and average for ship and debit. We believe that both methods are reasonable, and after adjustment for some under-allocation of payments, have accepted both methods. While the average method does spread out the effect of rebates, it is specific as to distributor and device. The FIFO method does not dilute per unit amounts, but probably assigns rebates to the wrong original sales, since the most recent sales to distributors tend to be at the lower invoice prices, and rebates are applicable more to the oldest purchases still in distributor stocks.

Petitioners' Comment No. 3 (Hitachi): Hitachi's home market sales listing cannot be used because it inconsistently reported sales, using various points in transactions as the date of sale.

DOC Position: The sales listing was revised to list only sales with dates of shipment within the period of investigation, and has been used in reaching our final determination. It has been verified.

Petitioners Comment No. 4 (Hitachi): The Department must track returned

EPROMs, as they reduce sales revenue and increase production cost.

DOC Position: Revenue figures are based on net sales (deliveries less returns) as reported in Hitachi sales journals. Since the returns are not of defective merchandise and are capable of being resold, the production cost should not be increased. Verification revealed that no EPROMs were written off, so saleable production totals are not affected.

Petitioners' Comment No. 5 (Hitachi): The Department should disallow Hitachi's claim for distribution of free EPROMs, as it could not be verified.

DOC Position: We agree.

Petitioners' Comment No. 6 (Hitachi): Hitachi must report all ship out of stock and debit (SOSAD) payments applicable to sales during the period of investigation. The revised amounts for June through November should be added to amounts paid in April and May to determine the total.

DOC Position: We disagree. Since all SOSAD payments are allocated to sales during the six month period of investigation, it would be inappropriate to apply eight months of payment to six months of sales. The period of payments was shifted two months forward (from April-September to June-November) to account for average delays in processing time by Hitachi. Since the average time a device is in distributor inventory is likely to vary by device and distributor, and is unknown to repondents, we decided that any attempt to estimate this period would not be accurate enough to justify the time required to make a change.

Petitioners' Comment #7 (Hitachi): Hitachi price protection payments should be applied to distributor sales on a FIFO inventory basis.

DOC Position: We disagree. The average method used by Hitachi is reasonable. See reponse to Petitioners' Comment #6 (Hitachi).

Petitioners' Comment #8 (Hitachi): The Department must obtain and verify information from Hitachi on price adjustments on U.S. sales.

DOC Position: We believe we have accounted for all adjustments to price.

Petitioners' Comment #9 (Hitachi): The Department should treat all returned EPROMs as rejects and unsaleable unless Hitachi can demonstrate the return was resold.

DOC Postion: We disagree. Hitachi has sparate accounting codes for returns of defective merchandise and stock rotation returns. We see no basis to assume stock rotation returns are defective and will not be resold.

Petitioners' Comment #10 (Hitachi): The Department must find a verifiable manner by which to calculate commissions paid by Hitachi in the United States.

DOC Position: The Department has used a verifiable method to calculate commissions paid by Hitachi in the United States. Hitachi commissions are paid to agents based on a percentage of distributor resale prices (when sales are to a distributor). As these commissions must be expressed as a percentage of distributor purchase prices, it was necessary, and appropriate, to develop a ratio between distributor purchase and resale prices. The method used is considered the most accurate approach given the documentation available to the respondent.

Petitioners' Comment #11 (Hitachi): The Department must identify EPROMS with special characteristics in Japan and the United States and ensure they are compared with each other. Separate costs of production should be developed for each type of specialized device.

DOC Position: We agree it would be desirable to compare only devices which are identical in all characteristics. However, for the present, we have differentiated only by denisty and process (NMOS or CMOS) as the Department did not have the administrative ability during this investigation stage of the proceeding to develop price and cost data on every sub-type of EPROM manufactured and sold by the respondent.

Petitioners' Comment #12 (Hitachi): The Department should not assume that the date of shipment is always the date of sale, as users (OEMs) sometimes purhase on long-term contracts.

DOC Position: In this particular trade, characterized by abrupt changes of market price and frequent renegotiation of terms, we continue to think that the date of shipment constitutes the date of sale, both in Japan and the United States. Where anomalous prices were found, we questioned the repondents as to reasons for these prices and, where appropriate, eliminated these sales from price comparisons.

Petitioners' Comment #13 (Toshiba): Petitioners' claim that Toshiba's (1) R&D did not include all costs and it was not vertified, (2) depreciation was incorrectly restated, (3) selling, general and administrative costs were incorrectly reported, and (4) yields for both wafer, assembly and test were not verified. On this basis, the Department should use "best information" for these costs.

DOD Position: For depreciation and selling, general, and administrative expenses we have used best available information. We have used actual yields. R&D was satisfactorily verified, and used after adjustments for some omitted costs. For further detail, see our response to Toshiba comments 1, 2, 4, 7, and 8.

Petitioners' Comment #14 (Toshiba): Petitioners argue that due to errors and omissions in Toshibia's reported production costs, the Department should (1) adjust reported labor and overhead costs for assembly and testing to reflect standard costs adjusted to actual, rather than the transfer prices used by Toshiba; (2) add to production costs the omitted ongoing modification costs for EPROM production line processing; and (3) adjust Toshiba's costs to include an appropriate cost for inventory write-offs and adjustments.

DOC Position: The Department reviewed the methodology used by Toshiba to determine the labor and overhead costs. Because the Department could not satisfactorily verify the methodology used, and because of the omission of certain costs, we used "best information."

Petitioners' Comment #15 (Toshiba): Petitioners argue that Toshiba did not accurately quantify its price protection adjustments for its U.S. distributors because it distributed the price protection amount over a larger number of units than the specific units which should have received them. Petitioners allege that this resulted in lower margins of dumping for the EPROMs to which the price protection actually applies. The Department should, therefore, use the best information available to approximate the level of the actual protection provided.

DOC Petition: We disagree. Although the price protection adjustments did not apply to the specific sales being protected, we considered the method of allocation to be a reasonable one. Toshiba used a first-in first-out (FIFO) method of accounting and went back through the most recent shipments until it captured the full price protection adjustment amount.

Petitioners' Comment #16 (Toshiba): Petitioners argue that Toshiba has not accurately quantified its ship and debit price adjustments in that portions of the adjustments falling within the period of investigation were not reported. Furthermore, petitioners allege that Toshiba's method of treating these adjustments reduced its dumping margins by distributing ship and debit expenditures over a larger number of units than those to which the adjustments actually applied.

DOC Position: We agree. Toshiba's ship and debit adjustments have been recomputed. The recomputation involved allocating all ship and debit

claims approved in June–November to sales in April–September. The allocation was distributor and device specific. We believe that the use of a 2-month lag period is necessary because verification indicated that the ship and debit adjustments were not actually paid until several months later. Furthermore, the price adjustments apply to distributor inventory and cannot be directly associated to individual sales. Therefore, the recomputation adjusts prices during the six-month investigative sales period with the adjustments paid during a later six-month period.

Petitioners' Comment #17 (Toshiba): Petitioners state that the Department must verify that Toshiba's reported sales to Canada which were included in sales to the United States are not included in the U.S. sales on which our final antidumping duty determination will be based.

DOC Position: We agree. Sales to Canada which were erroneously reported as sales to the United States were deleted from the U.S. sales listing prior to performing margin calculations for the final determination.

Petitioners' Comment #18 (Fujitsu): Petitioners argue that, since Fujitsu refused to provide the Department with the necessary documentation and information necessary to verify costs which resulted in the Department's suspension of verification, the Department must use "best information."

DOC Position: We agree. Best information was used when such data could not be verified.

Petitions' Comment #19 (Fujitsu): Petitioners contend that rebates for meeting sales objectives during the period of investigation must be applied to sales during the period.

DOC Position: We agree and have adjusted home market prices, where applicable, to reflect these rebates.

Petitioners' Comment #20 (Fujitsu): Petitioners contend that prices of the merchandise in the United States continued to decline througout the period of investigation necessitating further price protection adjustments than those disclosed at verification, and that the Department should impute such price reductions based on U.S. distributor selling prices, adjusted for distributor profit.

DOC Position: In verying the information submitted, the Department reviewed price protection mechanisms for a reasonable time after the period of investigation to account for post-sale adjustments to sales under investigation. U.S. prices were adjusted to reflect documented price protection adjustments. Without evidence that further price protection adjustments were being made, none will be imputed.

Petitioners' Comment No. 21 (Fujitsu): Petitioners argue that the Department must collect information on ship and debit adjustments beyond December 1985, and apply the adjustments to the specific shipments for which they were made.

DOC Position: The Department concluded that there months was a reasonable estimate of the time between shipment and ship and debit credit. Therefore, credits issued from July through December are considered a reasonable reflection of credits applicable to sales made during the period of investigation. As these special price authorizations apply to sales from distributor inventory, they cannot be associated with individual sales or shipments to distributors. We allocated these credtis based on units shipped during the period of investigation.

Petitioners' Comment #22 (Fujitsu): Petitioners contend that early payment rebates to distributors must be applied to the specific sales for which they were made, rather than be allocated over total distributor sales.

DOC Position: Discount claim and allowance account records were found not to be retained in sufficient detail to identify individuals sales receiving this rebate. The totals used to allocate this rebate were verified and the allocation method found to be reasonable.

Petitioners's Comment #23 (General): Petitioners claim that the Department should adjust the reported SG&A costs where SG&A expenses were allocated based on sales rather than cost or where expenses were omitted. The resultant SG&A percentage should not be substantially below the SG&A corporate average percentage.

DOC Position: The Department agrees and in those cases were the SG&A costs were not appropriately allocated or did not include certain costs, the Department used best information or adjusted the amounts of the SG&A expensed.

Petitioners' Comments #24 (General): Petitioners claim that the Department should lag production costs at least three to four months when comparing constructed value with United States prices and when comparing the cost of production to home market sales, in order to match actual costs to the sales price.

DOC Position: We agree. The Department attempted to verify actual production time for each respondent. While production information was not satisfactorily verified for any one company, from the information obtained, the Department estimated the production cycle time to be three months and used this estimate as the "best information" for all of the companies involved.

Petitioners' Comment #25 (General): Petitioners claim that because each respondent had several deficiencies in its reporting of R&D costs the Department should use the "best information" available. It should use average publicly reported Japanese DRAM industry R&D amounts, in the range of 60 percent of variable production costs, or the 1982–84 average R&D as a percentage of sales as reported by MITI.

DOC Position: The Department, when it could not satisfactorily verify the R&D, used the best information, based on data issued by the Ministry of International Trade and Industry. In one case where R&D had been verified, but certain costs were omitted, the Department adjusted the R&D costs by adding the omitted costs.

Petitioners' Comment #26 (General): Petitioners stress that the Department should not permit the respondents to claim that all R&D is a general expense of the corporation.

DOC Position: The Department includes in the cost of manufacturing all costs, direct and indirect, incurred prior to or during production, which are directly related to the manufacturing of the product. R&D expenses, such as those related to the design of the product and product line, are necessary for the manufacturing of the product and, therefore, are included in the cost of manufacturing.

Petitioner's Commment #27 (General): EPROMs in plastic cases are within the scope of the investigation, despite the fact that they are not erasable. Their electrical properties are identical to ceramic cased EPROM and the lack of erasability is irrelevant to most users.

DOC Position: We agree. Material supplied by a respondent and petitioners indicates that the plastic-cased devices are directly interchangeable with those in ceramic cases which have a window through which the erasing light can reach the dice. Although once packaged in plastic the EPROM cannot be erased, the active portion of the chip (the dice) is erasable. An overwhelming majority of the users have no need for the erasability feature.

The plastic devices move in the same channels of trade as the EPROMs encased in ceramic. We have, therefore, determined that the plastic-cased devices are of the same class or kind of merchandise and are included within the scope of this investigation.

Petitioners' Comment #28 (General): EPROMs which are assembled in third countries using processed wafers or dice fabricated in Japan should be included in the scope of this investigation.

DOC Position: We agree. Pursuant to section 731 of the statute the Department is required to look at the class or kind of merchandise produced in the country under investigation. Although the statute is not explicit, section 773(g) indicates that merchandise exported to the United States through an intermediate country is included within the class or kind of merchandise covered by the investigation, unless it is substantially transformed prior to importation into the United States.

The class or kind of merchandise subject to this investigation includes wafers and dice. Thus, when the dice are exported from Japan they are covered by the scope of the investigation, unless they are substantially transformed prior to importation into the United States. Upon examination, we do not regard the packaging of the dice as constituting substantial transformation. In reaching this conclusion we have taken note of the fact that the processed wafer or dice is not only a major component of the finished device, it is *the* essential active component which defines the merchandise under investigation. All of the electrical properties that make an EPROM an EPROM are encoded on the processed side, and neither this element, nor the intended use of the merchandise, is changed by the assembly process in the third country. Further, encapsulation is not a sophisticated process; rather, it is the wafer fabrication in Japan which is the technology intensive portion of EPROM production. Additionally, based upon the factors just discussed, and because of the fact that the asssembly process is the mechanical stage which can be accomplished relatively easily in any country, we find that a failure to include third country imports in the scope of the investigation could lead to substantial circumvention of any order. Respondents have suggested that because U.S. Customs Service rulings have found that assembly and testing in a third country constitutes substantial transformation of the product, we cannot consider the imported finished product to be merchanidse from Japan within the scope of the investigation. However, in making scope determinations, the Department is not required to rely on U.S. Customs rulings, but as independent authority to determine the scope of its investigations, (see *Diversified Products Corp.* v. *United States*, 5 ITRD 1263 (CIT 1983). Lastly, we have evidence of indirect shipments of the merchandise, indirect imports were included in the scope of the petition, and the parties have addressed this issue throughout the proceeding. See also, "Products Under Investigation" section of this notice.

Petitioners' Comment #29 (General): The Department should not exclude EPROMs which are pre-programmed or intended only for the replacement market.

DOC Postion: We agree. We do not regard these devices as sufficiently distinguishable in commercial or physical characteristics to constitute a separate class of merchandise. Further, it would be administratively impossible for U.S. Customs to separate "special order sales" from all other sales if this exception was implemented.

Petitioners' Comment #30 (General): The Department should not calculate separate dumping margins for each density and process of EPROM.

DOC Position: We agree. See response to Hitachi Comment #14.

Petitioners' Comment #31 (General: The Department should continue to use a two-month lag when comparing production costs to sales.

DOC Position: See response to Hitachi Comment #12.

Results of Investigation. The Results of our investigation are as follows:

Manufacturer/producer/exporter	Margin percentage
Hitachi Ltd	85.2
Fujitsu Limited	103.0
Toshiba Corporation	60.1
NEC Corporation	188.0
All others	93.9

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information either publicly or under an administrative protective order without the consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine whether these imports materially injure, or threaten material injury to, a U.S. industry within 45 days after we make our final determination. If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated.

This determination is published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

Paul Freedenberg,

Assistant Secretary for Trade Administration.

October 24, 1986.

[FR Doc. 86-24599 Filed 10-29-86; 8:45 am]

BILLING CODE 3510-DS-M

[A-351-605]

Postponement of Final Antidumping Duty Determination; Frozen Concentrated Orange Juice from Brazil

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: This notice informs the public that we have received a request from a respondent in this investigation to postpone the final determination, as permitted in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1673d(a)(2)(A)). Based on this request, we are postponing our final determination as to whether frozen concentrated orange juice (FCOJ) from Brazil is being, or is likely to be, sold in the United States at less than fair value until not later than March 9, 1987. We are also postponing our public hearing from November 25, 1986 until January 6, 1987.

EFFECTIVE DATE: October 30, 1986.

FOR FURTHER INFORMATION CONTACT: Raymond Busen or Mary Clapp, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-3464 or 377-1769.

SUPPLEMENTARY INFORMATION: On June 4, 1986, we published a notice in the **Federal Register** (51 FR 20321) that we were initiating, under section 732(c) of the Act, (19 U.S.C. 1673a(c)), an antidumping duty investigation to determine whether FCOJ from Brazil was being, or was likely to be, sold at less than fair value. On June 23, 1986, the International Trade Commission determined that there is a reasonable indication that imports of FCOJ from Brazil are materially injuring a United States industry (51 FR 24238, July 2, 1986). On October 16, 1986, we preliminary determined that FCOJ is being, or is likely to be, sold in the United States at less than fair value. The notice stated that if the investigation proceeded normally, we would make our

final determination by December 30, 1986.

Pursuant to section 735(a)(2)(A) of the Act, respondent Citrosuco Paulista, S.A. in this investigation requested an extension of the final determination date. The respondent is qualified to make such a request because it accounts for a significant proportion of exports of the merchandise to the United States. If an exporter who accounts for a significant proportion of exports of the merchandise under investigation properly requests an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contrary, to grant the request. Accordingly, we are granting the request and postponing our final determination until not later than March 9, 1987.

Public Comment

In accordance with section 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 9:30 a.m. on January 6, 1987, at the U.S. Department of Commerce, Room B-841, 14th Street and Constitution Avenue NW., Washington, DC 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary, Import Administration, Room B-099, at the above address within 10 days of this notice's publication. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by December 30, 1986. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address in at least 10 copies.

This notice is published pursuant to section 735(d) of the Act.

The United States International Trade Commission is being advised of this postponement, in accordance with section 735(d) of the Act.

Gilbert B. Kaplan,

Deputy Assistant Secretary for Import Administration.

October 23, 1986.

[FR Doc. 86-24604 Filed 10-28-86; 8:45 am]

BILLING CODE 3510-DS-M

[C-351-004]

Certain Stainless Steel Products From Brazil, Preliminary Results of Countervailing Duty Administrative Review and Tentative Determination to Renegotiate or Terminate Suspension Agreement

AGENCY: International Trade Administration, Import Administration Commerce.

ACTION: Notice of Prelimianry Results of Countervailing Duty Administrative Review and Tentative Determination to Renegotiate or Terminate Suspension Agreement.

SUMMARY: The Department of Commerce has conducted an administrative review of the agreement suspending the countervailing duty investigation on certain stainless steel products from Brazil. The review covers the period March 31, 1983 through December 31, 1985 and 17 programs.

As a result of the review, the Department has preliminarily determined the net subsidy to be 23.60 percent *ad valorem* for the period March 31, 1983 through December 31, 1983, 14.36 percent *ad valorem* for the period January 1, 1984 through December 31, 1984, and 8.51 percent *ad valorem* for the period January 1, 1985 through December 31, 1985. The suspension agreement requires the Government of Brazil to impose an export tax to offset completely the net subsidy on the merchandise exported to the United States. Because the Brazilian government collected an average export tax of only 15.99 percent *ad valorem* for the 1983 period, 16.26 percent *ad valorem* for 1984, and 8.50 percent *ad valorem* for 1985, and because the suspension agreement contains no mechanism to adjust for the discrepancies between the Brazilian government's collections and the Department's calculations of the net subsidy, we have tentatively determined that the suspension agreement no longer meets the requirements of sections 704 (b) and (d) of the Tariff Act and that we should therefore renegotiate or terminate the agreement. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: October 30, 1986.

FOR FURTHER INFORMATION CONTACT: Richard C. Henderson or John D. Miller, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, DC 20130; telephone (202 377-2786).

SUPPLEMENTARY INFORMATION:

Background

On February 2, 1983, the Department of Commerce ("the Department") published in the **Federal Register** (48 FR 4703) a notice suspending the countervailing duty investigation on certain stainless steel products from Brazil. On October 16, 1985 and February 28, 1986, the petitioner, the Specialty Steel Industry of the United States, requested in accordance with § 355.10 of the Commerce Regulations an administrative review of this suspension agreement. We published the initiations on November 27, 1985 and March 14, 1986 (50 FR 48825 and 51 FR 8863). The Department has now conducted that administrative review in accordance with section 751 of the Tariff Act of 1930 ("the Tariff Act").

Scope of Review

Imports covered by the review are shipments of Brazilian stainless steel products, limited to hot-rolled stainless steel bars, cold-formed stainless steel bars and stainless steel wire rod. Such merchandise is currently classifiable under items 606.9005, 606.9010, and 607.2600 (if tempered, treated or partly manufactured, 607.4300) of the Tariff Schedules of the United States Annotated.

The review covers the period March 31, 1983 through December 31, 1985 and 17 programs: (1) CACEX export financing; (2) an income tax exemption for export earnings; (3) the export credit premium for the IPI; (4) CIC-CREGE 14-11 financing; (5) incentives for trading companies (Resolution 883); (6) accelerated depreciation for Brazilian-made capital goods; (7) duty-free treatment and tax exemptions on imported equipment; (8) FINEX (Resolutions 68 and 509); (9) funding for expansion through IPI tax rebates; (10) BNDES long-term loans; (11) FINEP long-term loans; (12) BEFIEX; (13) CIEX; (14) FUNPAR; (15) PROEX; (16) PROSIM; and (17) financing for the storage of merchandise destined for export (Resolution 330).

The review covers three producers and one trading company.

Analysis of Programs

(1) CACEX Export Financing

Under this program, the Department of Foreign Commerce ("CACEX") of the Banco do Brasil provides short-term working capital financing to exporters at preferential rates. These loans have a duration of up to one year. During the period of review, producers of certain stainless steel products could obtain CACEX financing for up to 20 percent of

the value of their previous year's exports. The three producers used this program during the period of review.

Resolution 674, which became effective on June 11, 1983, set a maximum interest rate of 60 percent and required two interest payments, one 180 days after the loan was granted and the other at maturity. Resolution 882, which became effective on January 2, 1984, required the full interest payment at maturity. It also set the maximum interest rate at full monetary correction (calculated as the change in value of readjustable treasury bonds, "ORTN") plus 3 percentage points.

On August 21, 1984, Resolution 950 superseded Resolution 882 and changed the short-term export financing program substantially. Resolution 950, which was made effective retroactively to January 2, 1984, made working capital financing available through commercial banks at prevailing market rates, with interest due upon maturity. It authorized the Banco do Brasil to pay the lending institution an "equalization fee," or rebate, of up to 10 percentage points over the commercial interest rate, which the lending institution can pass on to the borrower. On May 2, 1985, Resolution 1009 increased the equalization fee to 15 percentage points.

To find the interest differential for Resolution 674 and 882 loans, we compared two effective rates. We made the nominal Resolution 674 rate effective by adjusting for the one interest payment required before maturity. The nominal Resolution 882 rate is the same as the effective rate because the full amount of interest is paid at maturity. For our benchmark, we took the national average rate for 30-day discounts of accounts receivable, as reported in *Analise/Business Trends*. This rate includes the 1.5 percent tax on financial transactions ("IOF"), from which preferential loans are exempt. We then compounded this rate to find the effective annual commercial benchmark.

Since the interest charged on CACEX export financing is now at prevailing market rates, this program would not be countervailable absent the equalization fee and the exemption from the IOF. Therefore, the interest differential for these loans is equal to the equalization fee plus the 1.5 percent IOF.

We consider the benefit, or the cash flow effect, from loans to occur when the borrower makes the interest payments. For Resolution 674, 882, 950, and 1009 loans on which interest was paid during the period of review, we multiplied the interest differential by the loan principal. We allocated the benefit over each firm's total exports for the review period. On this basis, we preliminarily determine the benefit from this program to be 9.48 percent *ad valorem* for 1983, 1.57 percent *ad valorem* for 1984, and 0.20 percent *ad valorem* for 1985.

(2) Income Tax Exemption for Export Earnings

Under this program, exporters of certain stainless steel products are eligible for an exemption from income tax of a portion of profit attributable to export revenue. The Brazilian government calculates the tax-exempt fraction of profit based on the ratio of export revenue to total revenue. Two firms used this program during the review period. We calculated the benefit by multiplying the amount of tax-exempt profit by the corporate tax rate and allocating the result over total exports.

The nominal corporate tax rate in Brazil is 35 percent. However, Brazilian tax law permits companies to reduce their income taxes by investing up to 26 percent of their tax liability in specified companies and funds. This tax credit effectively reduces the nominal 35 percent corporate tax rate.

At verification, the firms provided proof that they had made investments in the specified companies and funds. Therefore, we calculated the benefit for these firms using the effective tax rate. We calculated the effective tax rates by dividing net tax liability by taxable profit. On this basis, we preliminarily determine the benefit from this program to be 0.16 percent *ad valorem* for 1983, and zero for 1984 and 1985.

(3) The Export Credit Premium for the IPI

Exporters of certain stainless steel products are eligible for the maximum IPI export credit premium. The Brazilian government pays exporters in cash a percentage of the f.o.b. price of their exported merchandise. The payment is made through the bank involved in the export transaction.

Until October 31, 1984, the maximum IPI credit premium was 11 percent. The Brazilian government phased out the IPI export credit premium between November 1, 1984 and May 1, 1985, when the program was eliminated. For all but one firm, the Brazilian government paid the maximum IPI export credit premium during the review period. Through a special provision of the BEFIEX program (*see*, (12) below), that firm received a 14 percent premium throughout the review period. We allocated the total IPI export credit premium received on this merchandise by each firm over the firm's total exports of this merchandise to the United States during the review period. On this basis, we preliminarily determine the benefit to be 11.25 percent *ad valorem* for 1983, 10.86 percent *ad valorem* for 1984, and 3.94 percent *ad valorem* for 1985.

(4) CIC–CREGE 14–11 Financing

Under its CIC–CREGE 14–11 circular, the Banco do Brasil provides short-term preferential financing to exporters on the condition that they maintain on deposit a minimum level of foreign exchange. The three producers participated in this program during the period of review.

There is no maximum interest rate for this program. Interest payments are normally made quarterly or semiannually, with the full principal to be repaid at maturity. We calculated the benefit based on the interest payment date in a manner similar to that used for CACEX export financing, using the same benchmark rate. We preliminarily determine the benefit from this program to be 0.73 percent *ad valorem* for 1983, 0.10 percent *ad valorem* for 1984, and 0.07 percent *ad valorem* for 1985.

(5) Incentives for Trading Companies (Resolution 883)

Under this program, CACEX declares trading companies eligible to receive loans at preferential rates. These loans are subject to the same interest rates as Resolution 882 loans. The term on Resolution 883 loans is approximately 180 days, with interest paid in full at maturity.

During the period of review, the trading company received benefits under this program for the purchase of certain stainless steel products for export. We calculated the benefit in a manner similar to that for CACEX export financing, based on the interest payment date. On this basis, we preliminarily determine the benefit from this program to be zero for 1983 and 1984, and 0.39 percent *ad valorem* for 1985.

(6) Accelerated Depreciation for Brazilian-made Capital Goods

Firms may depreciate Brazilian-made capital equipment at twice the normal rate allowed under Brazilian tax laws if they obtain approval from the Industrial Development Council ("CDI") for a plant expansion project. Two producers used this program during the period of review.

To calculate the benefit, we multiplied the amount of accelerated depreciation declared on the income tax returns filed during the review period by the corporate income tax rate and divided the result by total sales in the review period. Since the two firms reduced their

nominal corporate income tax rate by directed investments, we used their effective tax rates to calculate the benefit. On this basis, we preliminarily determine the benefit to be 0.01 percent *ad valorem* in 1983, zero for 1984, and 0.01 percent *ad valorem* for 1985.

(7) Duty-free Treatment and Tax Exemption on Imported Equipment

Under Decree Law 1428, the CDI provides for the exemption of up to 100 percent of the customs duties and up to 100 percent of the IPI tax, a value added tax imposed on domestic sales of certain imported machinery. The machinery can only be used for specific projects in 14 industries approved by the Brazilian government. The recipient must demonstrate that the machinery or equipment is not available from a Brazilian manufacturer.

Decree Law 1726 repealed this program in 1979. However, companies whose projects were approved prior to the repeal continued to receive benefits pending completion of the project. The three producers received benefits under this program during the review period. To calculate the benefit, we divided the total amount of exemption in the review period by total sales in the review period.

We preliminarily determine the benefit to be 0.10 percent *ad valorem* for 1983, 0.02 percent *ad valorem* for 1984, and 0.04 percent *ad valorem* for 1985.

(8) FINEX (Resolutions 68 and 509)

Resolutions 68 and 509 provide that CACEX may draw upon the resources of the Fundo de Financiamento a Exportacao ("FINEX") to subsidize short- and long-term loans for both Brazilian exporters and foreign importers of Brazilian goods. The loans are extended to the importer by a bank in the importer's country or to the exporter by the exporter's bank. The loans have a maximum term of 180 days and bore annual interest rates of 8 percent in 1983 and 8 to 10 percent in 1984 and 1985.

CACEX provides the lending bank with an "equalization fee," which compensates the bank for the difference between the subsidized interest rate and a commercial rate, calculated as the London Interbank Offer Rate ("LIBOR") plus a spread. In order to encourage bank participation in the program, CACEX also pays the lending bank a commission equal to two percent of the loan principal. Exporters and importers were not able to demonstrate the portion of this commission that was retained by the intermediary bank. Therefore, we have assumed that the full commission was passed through to the firm, thereby effectively decreasing the preferential interest rate. The four firms and their U.S. importers used Resolution 509 short-term loans to finance shipments of certain stainless steel products during the period of review. We treated benefits to U.S. importers as benefits to their corresponding Brazilian exporters. Neither importers nor exporters used Resolution 68 loans during the period of review.

Resolution 509 short-term loans to importers are given in U.S. dollars. For each year of the review, we therefore chose as a benchmark interest rate for comparable loans in the United States the average interest rate for commercial and industrial short-term loans as published by the United States Federal Reserve Board. Resolution 509 financing to exporters is also denominated in U.S. dollars but disbursed in Brazilian cruzeiros. Brazilian firms generally do not have access to direct lending from U.S. banks. Since there is no equivalent commercial dollar-denominated financing in Brazil, we chose as a benchmark for each year of the review period the interest rate on U.S. dollar-denominated Resolution 63 loans, which is LIBOR plus a spread, as reported in *Analise/Business Trends.*

Since the documentation available at the firms on each Resolution 509 loan does not enable us to determine when the interest on those loans is paid, we have assumed that it is pre-paid. Therefore, the benefit occurs on the date of receipt. To measure the benefit, we multiplied the value of the loan received during the review period by the differential between the benchmark rate and the preferential interest rate, minus bank commissions. We divided the result by total exports of the merchandise to the United States during the review period. We preliminarily determine the benefit to be 0.64 percent *ad valorem* for 1983, 1.0 percent *ad valorem* for 1984, and 2.66 percent *ad valorem* for 1985.

(9) Funding for Expansion Through IPI Tax Rebates

Decree Law 1547, enacted in April 1977, provides funding for approved expansion projects in the Brazilian steel industry through a rebate of the IPI tax, a value added tax. Originally, the IPI tax applied to all industries. In 1979, the IPI tax was eliminated except for producers in 14 industries, including steel. For steel products, the IPI tax was 5 percent during the period of review. The rebate, which is not in any way connected to exports, is calculated as 95 percent of the 5 percent tax rebate.

Instead of paying the IPI tax directly to the government, a Brazilian steel company until 1981 was able to deposit 95 percent of the net IPI tax due in a special account with the Banco do Brasil. When rebated, the firms had to apply the deposits to steel expansion projects.

As a result of Decree Law 1843 (enacted in December 1980), one producer must now pay the full IPI tax to the government, which then rebates 95 percent to Siderurgica Brasileira, S.A. ("SIDERBRAS"), a government-controlled corporation under the jurisdiction of the Ministry of Industry and Commerce, in the form of equity infusions. That producer received direct rebates under this program from 1977 to 1981, while the other two producers received direct rebates from 1977 to 1985. We treated the rebates as grants. Using the grant methodology outlined in the Subsidies Appendix to the notice of "Final Affirmative Countervailing Duty Determination and Order" on certain cold-rolled carbon steel flat-rolled products from Argentina (49 FR 18006, April 26, 1984) ("the Subsidies Appendix"), we allocated the rebates over 15 years, which is the average useful life of capital assets in the steel industry according to the U.S. Internal Revenue Service Class Life Asset Depreciations Range System. For a discount rate, we used the same short-term interest rates used for CACEX export financing. On this basis, we preliminarily determine the benefit to be 1.15 percent *ad valorem* for 1983, 0.30 percent *ad valorem* for 1984, and 0.20 percent *ad valorem* for 1985.

(10) BNDES Long-term Loans

Long-term financing in cruzeiros is available in Brazil only through government-controlled financial institutions, such as the Banco Nacional de Desenvolvimento Economico e Social ("BNDES"). Currently, the principal on these loans is fully indexed to inflation, as measured by the change in ORTN. Two producers received long-term BNDES loans between 1975 and 1983. We have determined that BNDES loans are not countervailable, (*see*, final affirmative countervailing duty determination on certain carbon steel products from Brazil (49 FR 17988, April 26, 1984)).

(11) FINEP/ADTEN Long-term Loans

Financiadora de Estudos e Projects ("FINEP"), an agency of the government, is chared with promoting scientific and technological development in Brazil. FINEP generally makes loans available to manufacturing firms and universities

through state-owned development banks. Borrowers negotiate the terms of each loan with the regional development banks. FINEP maintains project oversight throughout the life of the loan. Because the Brazilian government did not provide proof that this program is available to more than a specific enterprise or industry, or group of enterprises of industries, we preliminarily determine that it is countervailable. The three producers received long-term FINEP loans between 1976 and 1983.

The interest rates loans are equivalent to rates charged on long-term loans made by BNDES. FINEP loans are either not indexed or partially indexed to inflation, as measured by the variation in ORTN, whereas equivalent BNDES loans, which the producers received during these years, are fully indexed to ORTN. Both FINEP and BNDES loans bear variable interest rates. We treat variable-rate loans as a series of short-term loans.

Using fully-indexed BNDES loans as benchmarks, we compared principal and interest payments due on the FINEP loans in the period of review with principal and interest payments due on fully-indexed BNDES benchmark loans in the period of review. We consider the differential between the total payments in the period of review to be the benefit, which we allocated over each firm's total sales. On this basis, we preliminarily determine the benefit to be 0.08 percent *ad valorem* for 1983, 0.05 percent *ad valorem* for 1984, and 0.01 percent *ad valorem* for 1985.

(12) BEFIEX

The Commission for the Granting of Fiscal Benefits to Special Export Programs ("BEFIEX") allows Brazilian exporters, in exchange for export commitments, to take advantage of several types of benefits, such as import duty reductions, an increased IPI export credit premium, and tax exemptions or tax credits. We verified that one firm received an IPI export credit premium of 14 percent of the f.o.b. price, less commission, on all shipments of stainless steel products for the entire period of review. We included the benefits from this program in the calculation of the *ad valorem* subsidy rate in the IPI export credit premium program (*See*, (3) above).

(13) Other Programs

We also examined the following programs and preliminarily find that exporters of certain stainless steel products did not use them during the review period:

a. Tax Reductions on Equipment used in Export Production ("CIEX");
b. Export Financing under the Fundo Nacional de Participadoes ("FUNPAR");
c. Export Promotion Financing ("PROEX");
d. Benefits from Import Substitution ("PROSIM"); and
e. Financing for the Storage of Merchandise Destined for Export ("Resolution 330").

Calculation of Net Subsidy

During the review period, one trading company and three producers exported this merchandise to the United States. Even though the trading company may have purchased the manufactured merchandise from producers at arms length, certain subsidies to producers also benefit the merchandise exported by trading companies. *See*, "Final Affirmative Countervailing Duty Determination" on live swine and fresh chilled and frozen pork products from Canada (June 17, 1985, 50 FR 25097). We added the producer's benefits from all domestic subsidies and from the following export subsidies: CACEX export financing, income tax exemption for export earnings, and CIC–CREGE 14–11 financing, because producers received benefits from these programs on the basis of total export sales, *i.e.*, those made directly by the producer plus those made by the trading company. The total weighted benefit for the trading company was zero for 1983, 0.46 percent *ad valorem* for 1984, and 0.47 percent ad valorem for 1985.

On March 31, 1983, the Government of Brazil imposed an export tax designed to offset the net subsidy on exports of certain stainless steel products to the United States. We allocated the total export taxes collected by the Brazilian government during the period of review over exports of this merchandise to the United States during the period of review. We preliminarily determine the amount of the offset to be 15.99 percent *ad valorem* for 1983, 16.26 percent *ad valorem* for 1984, and 8.50 percent *ad valorem* for 1985. We substracted the *ad valorem* amount of offset from the *ad valorem* subsidy rate.

Preliminary Results of Review and Tentative Determination to Renegotiate or Terminate Suspension Agreement

As a result of our review, we preliminarily find that the suspension agreement no longer meets the requirements of sections 704(b) and (d) of the Tariff Act. The agreement requires the Government of Brazil to impose an export tax to offset completely the net subsidy on the merchandise exported to the United States. We preliminarily determine the net subsidy to be 23.60 percent *ad valorem* for the 1983 period, 14.36 percent *ad valorem* for 1984, and 8.51 percent *ad valorem* for 1985. The Government of Brazil collected an average export tax of 15.99 percent *ad valorem* for the 1983 period, 16.26 percent *ad valorem* for 1984, and 8.50 percent *ad valorem* for 1985.

Since the suspension agreement does not contain a mechanism to adjust for these collection deficiencies, we intend to terminate the agreement if the Government of Brazil and the Department cannot initial an agreement which meets the requirements of section 704(b) and (d) of the Tariff Act by October 31, 1986.

If we terminate the agreement, we will issue a countervailing duty order and notify the Customs Service to suspend liquidation on Brazilian shipments of certain stainless steel products entered, or withdrawn from warehouse, for consumption on or after the 90th day prior to the effective date of the order. In accordance with our final determination, the Department will also notify the Customs Service to collect cash deposits of estimated countervailing duties in the amount of 15.44 percent, the rate found in the final determination of this case (May 13, 1983, 48 FR 21610), of the f.o.b. value of the merchandise on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of the order. This deposit requirement would remain in effect until publication of the final results of the next administrative review. Interested parties may submit written comments on these preliminary results by November 14, 1986, and may request disclosure and/or a hearing within 10 days after the date of publication. Any hearing, if requested, will be held on November 14, 1986. Any request for an administrative protective order must be made no later than five days after the date of publication . The Department will publish the final results of this administrative review including the results of its analysis of issues raised in any such written comments or at a hearing.

This administrative review and notice are in accordance with sections 751(a)(1) and 704 of the Tariff Act (19 U.S.C. 1675(a)(1) and 19 U.S.C. 1671c and § 355.10 of the Commerce Regulations (50 FR 32556, August 13, 1985).

Dated: October 23, 1986.

Gilbert B. Kaplan,

Deputy Assistant Secretary, Import Administration.

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[C-351-006]

Certain Tool Steel Products from Brazil; Preliminary Results of Countervailing Duty Administrative Review and Tentative Determination to Renegotiate or Terminate Suspension Agreement

AGENCY: International Trade Administration, Import Administration Commerce.

ACTION: Notice of Preliminary Results of Countervailing Duty Administrative Review and Tentative Determination to Renegotiate or Terminate Suspension Agreement.

SUMMARY: The Department of Commerce has conducted an administrative review of the agreement suspending the countervailing duty investigation on certain stainless steel products from Brazil. The review covers the period May 1, 1983 through December 31, 1985 and 17 programs.

As a result of the review, the Department has preliminarily determined the net subsidy to be 28.55 percent *ad valorem* for the period May 1, 1983 through December 31, 1983, 20.97 percent *ad valorem* for the period January 1, 1984 through December 31, 1984, and 13.41 percent *ad valorem* for the period January 1, 1985 through December 31, 1985. The suspension agreement requires the Government of Brazil to impose an export tax to offset completely the net subsidy on the merchandise exported to the United States. Because the Brazilian government collected an average export tax of only 18.56 percent *ad valorem* for the 1983 period, 19.83 percent *ad valorem* for 1984, and 10.81 percent *ad valorem* for 1985, and because the suspension agreement contains no mechanism to adjust for the discrepancies between the Brazilian government's collections and the Department's calculations of the net subsidy, we have tentatively determined that the suspension agreement no longer meets the requirements of section 704(b) and (d) of the Tariff Act and that we should therefore renegotiate or terminate the agreement. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: October 30, 1986.

FOR FURTHER INFORMATION CONTACT: Richard C. Henderson or John D. Miller, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, DC 20130; telephone: (202 377-2786).

SUPPLEMENTARY INFORMATION:

Background

On March 21, 1983, the Department of Commerce ("the Department") published in the **Federal Register** (48 FR 11731) a notice suspending the countervailing duty investigation on certain tool steel products from Brazil. On October 16, 1985 and March 26, 1986, the petitioner, the Specialty Steel Industry of the United States, requested in accordance with § 355.10 of the Commerce Regulations an administrative review of this suspension agreement. We published the initiations on November 27, 1985 and April 18, 1986 (50 FR 48825 and 51 FR 13273). The Department has now conducted that administrative review in accordance with section 751 of the Tariff Act of 1930 ("the Tariff Act").

Scope of Review

Imports covered by the review are shipments of Brazilian stainless steel products, limited to hot-fininished tool steel, cold-finished tool steel, high speed tool steel, chipper knife tool steel, and band saw steel bars and rods. Such merchandise is currently classifiable under items 603.9300, 606.9400, 606.9505, 606.9510, 606.9520, 606.9525, 606.9535, 606.9540, 607.2800, 607.3405, 607.3420, 607.4600, 607.5405, and 607.5420 of the Tariff Schedules of the United States Annotated.

The review covers the period May 1, 1983 through December 31, 1985 and 17 programs: (1) CACEX export financing; (2) an income tax exemption for export earnings; (3) the export credit premium for the IPI; (4) CIC-CREGE 14-11 financing; (5) incentives for trading companies (Resolution 883); (6) accelerated depreciation for Brazilian-made capital goods; (7) duty-free treatment and tax exemptions on imported equipment; (8) FINEX (Resolutions 68 and 509); (9) funding for expansion through IPI tax rebates; (10) BNDES long-term loans; (11) FINEP long-term loans; (12) BEFIEX; (13) CIEX; (14) FUNPAR; (15) PROEX; (16) PROSIM; and (17) financing for the storage of merchandise destined for export (Resolution 330).

Analysis of Programs

(1) CACEX Export Financing

Under this program, the Department of Foreign Commerce ("CACEX") of the Banco do Brasil provides short-term working capital financing to exporters at preferential rates. These loans have a duration of up to one year. During the period of review, producers of certain tool steel products could obtain CACEX financing for up to 20 percent of the value of their previous year's exports. The three producers used this program during the period of review.

Resolution 674, which became effective on June 11, 1983, set a maximum interest rate of 60 percent and required two interest payments, one 180 days after the loan was granted and the other at maturity. Resolution 882, which became effective on January 2, 1984, required the full interest payment at maturity. It also set the maximum interest rate at full monetary correction (calculated as the change in value of readjustable treasury bonds, "ORTN") plus 3 percentage points.

On August 21, 1984, Resolution 950 superseded Resolution 882 and changed the short-term export financing program substantially. Resolution 950, which was made effective retroactively to January 2, 1984, made working capital financing available through commercial banks at prevailing market rates, with interest due upon maturity. It authorized the Banco do Brasil to pay the lending institution an "equalization fee," or rebate, of up to 10 percentage points over the commercial interest rate, which the lending institution can pass on to the borrower. On May 2, 1985, Resolution 1009 increased the equalization fee to 15 percentage points.

To find the interest differential for Resolution 674 and 882 loans, we compared two effective rates. We made the nominal Resolution 674 rate effective by adjusting for the one interest payment required before maturity. The nominal Resolution 882 rate is the same as the effective rate because the full amount of interest is paid at maturity. For our benchmark, we took the national average rate for 30-day discounts of accounts receivable, as reported in Analise/Business Trends. This rate includes the 1.5 percent tax on financial transactions ("IOF"), from which preferential loans are exempt. We then compounded this rate to find the effective annual commercial benchmark.

Since the interest charged on CACEX export financing is now at prevailing market rates, this program would not be countervailable absent the equalization fee and the exemption from the IOF. Therefore, the interest differential for these loans is equal to the equalization fee plus the 1.5 percent IOF.

We consider the benefit, or the cash flow effect, from loans to occur when

the borrower makes the interest payments. For Resolution 674, 882, 950, and 1009 loans on which interest was paid during the period of review, we multiplied the interest differential by the loan principal. We allocated the benefit over each firm's total exports for the review period. On this basis, we preliminarily determine the benefit from this program to be 11.87 percent *ad valorem* for 1983, 3.25 percent *ad valorem* for 1984, and 0.36 percent *ad valorem* for 1985.

(2) Income Tax Exemption for Export Earnings

Under this program, exporters of certain tool steel products are eligible for an exemption from income tax of a portion of profit attributable to export revenue. The Brazilian government calculates the tax-exempt fraction of profit based on the ratio of export revenue to total revenue. Two firms used this program during the review period. We calculated the benefit by multiplying the amount of tax-exempt profit by the corporate tax rate and allocating the result over total exports.

The nominal corporate tax rate in Brazil is 35 percent. However, Brazilian tax law permits companies to reduce their income taxes by investing up to 26 percent of their tax liability in specified companies and funds. This tax credit effectively reduces the nominal 35 percent corporate tax rate.

At verification, the firms provided proof that they had made investments inthe specified companies and funds. Therefore, we calculated the benefit for these firms using the effective tax rate. We calculated the effective tax rates by dividing net tax liability by taxable profit. On this basis, we preliminarily determine the benefit from this program to be 0.21 percent *ad valorem* for 1983, zero for 1984, and 0.04 percent *ad valorem* for 1985.

(3) The Export Credit Premium for the IPI

Exporters of certain tool steel products are eligible for the maximum IPI export credit premium. The Brazilian government pays exporters in cash a percentage of the f.o.b. price of their exportered merchandise. The payment is made through the bank involved in the export transaction.

Until October 31, 1984, the maximum IPI credit premium was 11 percent. The Brazilian government phased out the IPI export credit premium between November 1, 1984, and May 1, 1985, when the program was eliminated. For all but one firm, The Brazilian government paid the maximum IPI export premium during the review period. Through a special provision of the BEFIEX program (*see*, (12) below), that firm received a 14 precent premium throughout the review period. We allocated the total IPI export credit premium received on this merchandise by each firm the firm's total exports of this merchandise to the United States during the review period. On this basis, we preliminarily determine the benefit to be 11.66 percent *ad valorem* for 1983, 11.76 percent *ad valorem* for 1984, and 4.98 percent *ad valorem* for 1985.

(4) CIC-CREGE 14-11 Financing

Under its CIC-CREGE 14-11 circular, the Branco do Brasil provides short-term preferential financing to exporters on the condition that they maintain on deposti a minimum level of foreign exchange. The three produers participated in this program during the period of review.

There is no maximum interest rate for this program. Interest payments are normally made quarterly or seimiannually, with the full principal to be repaid at maturity. We calculated the benefit based on the interest payment date in a manner similar to that used for CACEX export financing, using the same benchmark rate. We preliminarily determine the benefit from this program to be 0.83 interest *ad valorem* for 1983, 0.54 *ad valorem* for 1984, and 0.36 interest *ad valorem* for 1985.

(5) Incentive for Trading Companies (Resolution 883)

Under this program, CACEX declares trading companies eligible to receive loans at preferential rates. These loans are subject to the same interest rates as Resolution 882 loans. The term on Resolution 883 loans in approximately 180 days, with interest pain in full at maturity.

During the period of review, the trading company received benefits under this program for the purchase of certain tool steel products for export. We calculated the benefit in a manner similar to that for CACEX export financing, based on the interest payment date. On this basis, we preliminarily determine the benefit from this program to be zero for 1983 and 1984, and 0.04 interest *ad valorem* for 1985.

(6) Accelerated Depreciation for Brazilian-made Capital Goods

Firms may depreciate Brazilian-made capital equipment at twice the normal rate allowed under Brazilian tax laws if they obtain approval from the Industrial Development Council ("CDI") for a plant expansion project. Two producers used this program during the period of review.

To calculate the benefit, we multiplied the amount of accelerated depreciation declared on the income tax returns filed during the review period by the corporate income tax rate and divided the result by total sales in the review period. Since the two firms reduced their nominal corporate income tax rate by directed investments, we used their tax rates to calulate the benefit. On this basis, we preliminarily determine the benefit to be 0.05 percent *ad valorem* in 1983, zero for 1984, and 0.03 interest *ad valorem* for 1985.

(7) Duty-Free Treatment and Tax Exemption on Imported Equipment

Under Decree Law 1428, the CDI provides for the exemption of up to 100 percent of the customs duties and up to 100 percent of the IPI tax, a value added tax imposed on domestic sales of certain imported machinery. The machinery can only be used for specific projects in 14 industries approved by the Brazilian government. The recipient must demonstrate that the machinery or equipment is not available from a Brazilian manufacturer.

Decree Law 1726 repealed this program in 1979. However, companies whose projects were approved prior to the repeal continued to receive benefits pending completion of the project. The three producers received benefits under this program during the review period. To calculate the benefit, we divided the total amount of exemption in the review period by total sales in the review period.

We preliminarily determine the benefit to the 0.33 percent ad valorem for 1983, 0.28 percent ad valorem for 1984, and 0.58 percent *ad valorem* for 1985.

(8) FINEX (Resolutions 68 and 509)

Resolutions 68 and 509 provide that CACEX may draw upon the resources of the Fundo de Financiamento a Exportacao ("FINEX") to subsidize short- and long-term loans for both Brazilian exporters and foreign importers of Brazilian goods. The loans are extended to the importer by a bank in the importer's country or to the exporter by the exporter's bank. The loans have a maximum term of 180 days and bore an annual interest rate of 8 percent in 1983, and 8 to 10 percent in 1984 and 1985.

CACEX provides the lending bank with an "equalization fee," which compensates the bank for the difference between the subsidized interest rate and a commerical rate, calculated as the London Interbank Offer Rate ("LIBOR") plus a spread. In order to encourage

bank participation in the program, CACEX also pays the lending bank a commission equal to two percent of the loan principal. Exporters and importers were not able to demonstrate the portion of this commission that was retained by the intermediary bank. Therefore, we have assumed that the full commission was passed through to the firm, thereby effectively decreasing the preferential interest rate. The four firms and their U.S. importers used Resolution 509 short-term loans to finance shipments of certain tool steel products during the period of review. We treated benefits to U.S. importers as benefits to their corresponding Brazilian exporters. Neither importers nor exporters used Resolution 68 loans during the period of review.

Resolution 509 short-term loans to importers are given in U.S. dollars. For each year of the review, we therefore chose as a benchmark interest rate for comparable loans in the United States the average interest rate for commercial and industrial short-term loans as published by the United States Federal Reserve Board. Resolution 509 financing to exporters is also denominated in U.S. dollars but disbursed in Brazilian cruzeiros. Brazilian firms generally do not have access to direct lending from U.S. banks. Since there is no equivalent commerical dollar-denominated financing in Brazil, we chose as a benchmark for each year of the review period the interest rate on U.S. dollar-denominated Resolution 63 loans, which is LIBOR plus a spread, as reported on *Analise/Business Trends.*

Since the documentation available at the firms on each Resolution 509 loan does not enable us to determine when the interest on those loans is paid, we have assumed that it is pre-paid. Therefore, the benefit occurs on the date of receipt. To measure the benefit, we multiplied the value of the loan received during the review period by the differential between the benchmark rate and the preferential interest rate, minus bank commissions. We divided the result by total exports of the merchandise to the United States during the review period. We preliminarily determine the benefit to be 1.6 percent *ad valorem* for 1983, 2.09 percent *ad valorem* for 1984, and 2.97 percent *ad valorem* for 1985.

(9) Funding for Expansion through IPI Tax Rebates

Decree Law 1547, enacted in April 1977, provides funding for approved expansion projects in the Brazilian steel industry through a rebate of the IPI trax, a value added tax. Originally, the IPI tax applied to all industries. In 1979, the IPI tax was eliminated except for producers in 14 industries, including steel. For steel products, the IPI tax was 5 percent during the period of review. The rebate, which is not in any way connected to exports, is calculated as 95 percent of the 5 percent tax rebate.

Instead of paying the IPI tax directly to the govenment, a Brazilian steel company until 1981 was able to deposit 95 percent of the net IPI tax due in a special account with the Banco do Brazil. When rebated, the firms had to apply the deposits to steel expansion projects.

As a result of Decree Law 1843 (enacted in December 1980), one producer must now pay the full IPI tax to the government, which then rebates 95 percent of Siderurgica Brasileira, S.A. ("SIDERBRAS"), a government-controlled corporation under the jurisdiction of the Ministry of Industry and Commerce, in the form of equity infusions. That producer received direct rebates under this program from 1977 to 1981, while the other two producers received direct rebates from 1977 to 1985. We treated the rebates as grants. Using the grant methodology outlined in the Subsidies Appendix to the notice of "Final Affirmative Countervailing Duty Determination and Order" on certain cold-rolled carbon steel flat-rolled products from Argentina (49 FR 18006, April 26, 1984) ("the Subsidies Appendix"), we allocated the rebates over 15 years, which is the average useful life of capital assets in the steel industry according to the U.S. Internal Revenue Service Class Life Asset Depreciation Range System. For a discount rate, we used the same short-term interest rates used for CACEX export financing. On this basis, we preliminarily determine the benefit to be 2.36 percent *ad valorem* for 1983, 1.31 percent *ad valorem* for 1984, and 1.97 percent *ad valorem* for 1985.

(10) BNDES Long-term Loans

Long-term financing in cruzeiros is available in Brazil only through government-controlled financial institutions, such as the Banco Nacional de Desenvolvimento Economico e Social ("BNDES"). Two producers received long-term BNDES loans between 1975 and 1983. We have determined that BNDES loans are not countervailable, (*see,* final affirmative countervailing duty determination on certain carbon steel products from Brazil (49 FR 17988, April 26, 1984)).

(11) FINEP/ADTEN Long-Term Loans

Financiadora de Estudos e Projetos ("FINEP"), an agency of the government, is charged with promoting scientific and technological development in Brazil. FINEP generally makes loans available to manufacturing firms and universities through state-owned development banks. Borrowers negotiate the terms of each loan with the regional development banks. FINEP maintains project oversight throughout the life of the loan. Because the Brazilian government did not provide proof that this program is available to more than a specific enterprise or industry, or group of enterprises or industries, we preliminarily determine that it is countervailable. The three producers received long-term FINEP loans between 1976 and 1983.

The interest rates on FINEP loans are equivalent to rates charged on long-term loans made by BNDES. FINEP loans are either not indexed or partially indexed to inflation, as measured by the variation in ORTN, whereas equivalent BNDES loans, which the producers received during these years, are fully indexed to ORTN. Both FINEP and BNDES loans bear variable interest rates. We treat variable-rate loans as a series of short-term loans.

Using fully-indexed BNDES loans as benchmarks, we compared principal and interest payments due on the partially-indexed or unindexed FINEP loans in the period of review with principal and interest payments due on fully-indexed BNDES benchmark loans in the period of review. We consider the differential between the total payments in the period of review to be the benefit, which we allocated over each firm's total sales. On this basis, we preliminarily determine the benefit to be 0.08 percent *ad valorem* for 1983, 0.06 percent *ad valorem* for 1984, and 0.05 percent *ad valorem* for 1985.

(12) BEFIEX

The Commission for the Granting of Fiscal Benefits to Special Export Programs ("BEFIEX") allows Brazilian exporters, in exchange for export commitments, to take advantage of several types of benefits, such as import duty reductions, an increased IPI export credit premium, and tax exemptions or tax credits. We verified that one firm received an IPI export credit premium of 14 percent of the f.o.b. price, less commission, on all shipments of tool steel products for the entire period of review. We included the benefits from this program in the calculation of the *ad valorem* subsidy rate in the IPI export credit premium program (*see,* (3) above).

(13) Other Programs

We also examined the following programs and preliminarily find that

exporters of certain tool steel products did not use them during the review period:

a. Tax Reductions on Equipment used in Export Production ("CIEX");
b. Export Financing under the Fundo Nacional de Participadoes ("FUNPAR");
c. Export Promotion Financing ("PROEX");
d. Benefits from Import Substitution ("PROSIM"); and
e. Financing for the Storage of Merchandise Destined for Export ("Resolution 330").

Calculation of Net Subsidy

During the review period, one trading company and three producers exported this merchandise to the United States. Even though the trading company may have purchased the manufactured merchandise from producers at arms length, certain subsidies to producers also benefit the merchandise exported by trading companies. *See,* "Final Affirmative Countervailing Duty Determination" on live swine and fresh chilled and frozen pork products from Canada (June 17, 1985, 50 FR 25097). We added the producers' benefits from all domestic subsidies and from the following export subsidies: CACEX export financing, income tax exemption for export earnings, and CIC-CREGE 14–11 financing, because producers received benefits from these programs on the basis of total export sales, *i.e.,* those made directly by the producers plus those made by the trading company. The total weighted benefit for the trading company was zero for 1983, 0.42 percent *ad valorem* for 1984, and 0.17 percent *ad valorem* for 1985.

On March 31, 1983, the Government of Brazil imposed an export tax designed to offset the net subsidy on exports of certain tool steel products to the United States. We allocated the total export taxes collected by the Brazilian government during the period of review over exports of this merchandise to the United States during the period of review. We preliminarily determine the amount of the offset to be 18.56 percent *ad valorem* for 1983, 19.83 percent *ad valorem* for 1984, and 10.81 percent *ad valorem* for 1985. We subtracted the *ad valorem* amount of offset from the *ad valorem* subsidy rate.

One firm did not pay export taxes on certain shipments of tool steel made after May 1, 1983, the effective date of the suspension agreement. The Government of Brazil claims that these shipments were not covered by the agreement because they were governed by export licenses issued before May 1, 1983. We however note that under the terms of the agreement, the export taxes apply to all merchandise exported on or after May 1, 1983, regardless of the date of the export license.

We measured the benefit from the uncollected export taxes in a manner similar to that from an interest-free loan, rolled over every 30 days during the review period. We consider the loan to begin on the day the tax was due, which is 45 days after the end of the month of shipment. Using the same benchmarks as in the CACEX export financing program, we preliminarily determine the benefit to be 0.02 percent *ad valorem* for 1983, 1.26 percent *ad valorem* for 1984, and 1.23 percent *ad valorem* for 1985.

Preliminary Results of Review and Tentative Determination to Renegotiate or Terminate Suspension Agreement

As a result of our review, we preliminarily find that the suspension agreement no longer meets the requirements of sections 704(b) and (d) of the Tariff Act. The agreement requires the Government of Brazil to impose an export tax to offset completely the net subsidy on the merchandise exported to the United States. We preliminarily determine the net subsidy to be 28.55 percent *ad valorem* for the 1983 period, 20.97 percent *ad valorem* for 1984, and 13.41 percent *ad valorem* for 1985. The Government of Brazil collected an average export tax of 18.56 percent *ad valorem* for the 1983 period, 19.83 percent *ad valorem* for 1984, and 10.81 percent *ad valorem* for 1985.

Since the suspension agreement does not contain a mechanism to adjust for these collection deficiencies, we intend to terminate the agreement if the Government of Brazil and the Department cannot initiate an agreement which meets the requirements of section 704(b) and (d) of the Tariff Act by October 31, 1986.

If we terminate the agreement, we will issue a countervailing duty order and notify the Customs Service to suspend liquidation on Brazilian shipments of certain tool steel products entered, or withdrawn from warehouse, for consumption on or after the 90th day prior to the effective date of the order. In accordance with our final determination, the Department will also notify the Customs Service to collect cash deposits of estimated countervailing duties in the amount of 18.77 percent, the rate found in the final determination of this case (June 6, 1983, 48 FR 25250), of the f.o.b. value of the merchandise on all shipments entered, or withdrawn from warehouse, for consumption on or after the date of publication of the order. This deposit requirement would remain in effect until publication of the final results of the next administrative review.

Interested parties may submit written comments on these preliminary results by November 14, 1986, and may request disclosure and/or a hearing within 10 days after the date of publication. Any hearing, if requested, will be held on November 14, 1986. Any request for an administrative protective order must be made no later than five days after the date of publication. The Department will publish the final results of this administrative review including the results of its analysis of issues raised in any such written comments or at a hearing.

This administrative review and notice are in accordance with sections 751(a)(1) and 704 of the Tariff Act (19 U.S.C. 1675 (a)(1) and 19 U.S.C. 1671c) and § 355.10 of the Commerce Regulations (August 13, 1985, 50 FR 32556).

Dated: October 23, 1986.

Gilbert B. Kaplan,

Deputy Assistant Secretary, Import Administration.

[FR Doc. 86–24601 Filed 10–29–86; 8:45 am]

BILLING CODE 3510–DS–M

Prospects for Adjustment Assistance to Firms Producing Certain Metal Castings

The Department of Commerce, pursuant to section 264 of the Trade Act of 1974, has completed a report on the metal castings industry. This report is required whenever the U.S. International Trade Commission (USITC) conducts an import relief investigation under section 201 of the Trade Act. The report discusses existing adjustment assistance programs which can help firms respond to import competition. A summary of Commerce's findings follows.

On May 9, 1986, the USITC determined that certain metal castings were not being imported into the United States in such increased quantities as to be a substantial cause of serious injury (or threat thereof) to the domestic industry producing like or directly competitive articles.

Under section 251 of the 1974 Trade Act, a firm may petition the Department of Commerce to be certified as eligible to apply for trade adjustment assistance. Certification requires that increased imports of articles like or directly competitive with those produced by the petitioning firm contributed importantly to: (1) A significant decline, actual or threatened, in employment; and (2)

either an absolute decline in total sales or production, or a decline in sales or production of a product line that represents at least 25 percent of the firm's total production. A trade-impacted producer may petition the Department for certification at any time regardless of a prospective Commission finding or its results.

Although the USITC found no serious injury to the metal castings industry, the criterion upon which a firm's petition is judged for certification is somewhat less stringent. On this basis it is possible that a petitioning firm could be certified eligible to apply for adjustment assistance, assuming the other qualifying criteria are met, even though the industry received a negative Commission determination following a Section 201 investigation. Between 1978 and June 1986, the Department of Commerce certified eight metal castings firms, on the basis of their production of the items included in the USITC investigation, to qualify for some degree of trade adjustment assistance. Three firms have received assistance. Because of the lack of specific company data, the Department is unable to determine which other firms could meet certification criteria.

The program of trade adjustment assistance for firms authorized by the Trade Act under Title II, Chapter 3, and administered by the International Trade Administration in the Department of Commerce, expired on December 19, 1985. The Consolidated Omnibus Budget Reconciliation Act of 1985 extends the program authorization until September 30, 1991. Technical assistance is available for trade-impacted firms but financial assistance is no longer available. Technical assistance may be used for management and operational assistance, and for feasibility studies and related research to aid in developing and implementing a firm's recovery plan.

There are six other financial or technical assistance programs administered by Federal agencies that might facilitate the orderly adjustment of firms in the metal castings industry producing the products covered in the USITC investigation. ITA also administers an industrywide trade adjustment assistance program if a substantial number of firms have been certified as eligible to apply for adjustment assistance. The Small Business Administration has three programs for qualified firms which have been adversely affected by increased imports: The Regular Business Loan Program; the Certified Development Company Program; and a Management Assistance Program. Finally, the Farmers Home Administration administers two programs that could assist firms affected by imports: the Business and Industrial Development Loans and the Community Facilities Program.

Copies of the report, "Prospects for Adjustment Assistance to Firms Producing Certain Metal Castings" are available from William Sugg, Office of Metals, Minerals, and Commodities, Room 4511, U.S. Department of Commerce, Washington, DC 20230, telephone 202–377–0610.

Michael T. Kelley,

Deputy Assistant Secretary for Basic Industries.

October 23, 1986.

[FR Doc. 86–24606 Filed 10–29–86; 8:45 am]

BILLING CODE 3510–DR–M

Application for Duty-Free Entry of Scientific Articles; Correction

In FR Doc. 86–13064 appearing at page 21012 in the **Federal Register** of June 10, 1986, Docket No. 86–207 is corrected to read:

Instrument: Surface Forces Apparatus (MkII). Intended Use: The apparatus will be used for research on surface and interfacial phenomena with emphasis on intermolecular and surface forces, including self-assembly of aggregations of surfactant molecules (micelles) and lipids and proteins (biological membranes). Of particular interest is work on forces between surfaces spaced a few molecular distances apart and development of a modern theory on colloids. Application Received by Commissioner of Customs: May 6, 1986.

Leonard E. Mallas,

Acting Director, Statutory Import Programs Staff.

[FR Doc. 86–24602 Filed 10–29–86; 8:45 am]

BILLING CODE 3510–DS–M

National Bureau of Standards; Decision on Application for Duty-Free Entry of Scientific Instrument

Correction

In FR Doc. 86–23550 appearing on page 37056 in the issue of Friday, October 17, 1986, make the following correction: In the second column, in the fifth line from the bottom, insert "Approved." after "Decision:".

BILLING CODE 1505–01–M

COMMITTEE FOR PURCHASE FROM THE BLIND AND OTHER SEVERELY HANDICAPPED

Procurement List 1986; Additions and Deletions

AGENCY: Committee for Purchase From the Blind and Other Severely Handicapped.

ACTION: Additions to and deletions from procurement list.

SUMMARY: This action adds to and deletes from Procurement List 1986 commodities and military resale commodities to be produced by and services to be provided by workshops for the blind or other severely handicapped.

EFFECTIVE DATE: October 30, 1986.

ADDRESS: Committee for Purchase from the Blind and Other Severely Handicapped, Crystal Square 5, Suite 1107, 1755 Jefferson Davis Highway, Arlington, Virginia 22202–3509.

FOR FURTHER INFORMATION CONTACT: C.W. Fletcher, (703) 557–1145.

SUPPLEMENTARY INFORMATION: On December 27, 1985, May 23, 1986, June 6 and 20, 1986, July 18, 1986, and August 1 and 29, 1986 the Committee for Purchase from the Blind and Other Severely Handicapped published notices (50 FR 52991 and 51 FR 18925, 20687, 22540, 26033, 27576, and 30898) of additions to and deletions from Procurement List 1986, October 15, 1985 (50 FR 41809).

Additions

After consideration of the relevant matter presented, the Committee has determined that the commodity, military resale commodities and services listed below are suitable for procurement by the Federal Government under 41 U.S.C. 46–48c, 85 5 Stat. 77 and 41 CFR 51–2.6.

I certify that the following action will not have a significant impact on a substantial number of small entities. The major factors considered were:

a. The action will not result in any additional reporting, recordkeeping or other compliance requirements.

b. The action will not have a serious economic impact on any contractors for the commodity, military resale commodities and services listed.

c. The action will result in authorizing small entities to produce the commodity, military resale commodities and services procured by the Government.

Accordingly, the following commodity, military resale commodities and services are hereby added to Procurement List 1986:

Commodity

Clock, Wall
6645-00-530-3342
(For GSA Regions 1, 2, 3, 8, 9, and 10 and National Capital Region only)

Military Resale Item Nos. and Names

No. 754 Pillow, Standard, 20" × 26"
No. 755 Pillow, Queen, 20" × 30"
No. 756 Pillow, King, 20" × 36"

Services

Commissary Shelf Stocking
Naval Air Station,
Pensacola, Florida.
Janitorial, Grounds Maintenance and Major Mechanical Operations
The Carter Presidential Library,
Atlanta, Georgia
Operation of the Postal Service Centers
Elmendorf Air Force Base, Alaska
Repair of Air Cargo Pallet Top and Side Nets
Norton Air Force Base, California

Deletions

After consideration of the relevant matter presented, the Committee has determined that the commodities and services listed below are no longer suitable for procurement by the Federal Government under 41 U.S.C. 46–48c, 85 Stat. 77 and 41 CFR 51–2.6.

Accordingly, the following commodities and services are hereby deleted from the Procurement List 1986:

Commodities

Case, Map and Note, Field
8465-00-634-1903
Dress, Operating, Surgical
6532-00-149-0464
6532-00-149-0465
6532-00-149-0466
6532-00-149-0467
6532-00-149-0472
6532-00-149-0473
Table, Steel
7110-00-149-2047
Toothbrush, Aspiration
6520-01-085-3438

Services

Commissary Shelf Stocking and Custodial
Patrick Air Force Base, Florida.

Repair and Maintenance of Electric Typewriters at the following locations:

1. Social Security Administration, 600 W. Madison, Chicago, Illinois
2. Health and Human Services, 300 S. Wacker Drive, Chicago, Illinois.

C.W. Fletcher,

Executive Director.

[FR Doc. 86-24575 Filed 10-29-86; 8:45 am]

BILLING CODE 6820-33-M

Procurement List 1986; Proposed Additions and Deletions

AGENCY: Committee for Purchase From the Blind and Other Severely Handicapped.

ACTION: Proposed additions to and deletion from Procurement List.

SUMMARY: The Committee has received proposals to add to and delete from Procurement List 1986 commodities, military resale commodities to be produced by and services to be provided by workshops for the blind or other severely handicapped.

Comments must be received on or before: December 1, 1986.

ADDRESS: Committee for Purchase From the Blind and Other Severely Handicapped, Crystal Square 5, Suite 1107, 1755 Jefferson Davis Highway, Arlington, Virginia 22202-3509.

FOR FURTHER INFORMATION CONTACT: C.W. Fletcher, (703) 557-1145.

SUPPLEMENTARY INFORMATION: This notice is published pursuant to 41 U.S.C. 47(a)(2), 85 Stat. 77 and 41 CFR 51-2.6. Its purpose is to provide interested persons an opportunity to submit comments on the possible impact of the proposed actions.

Additions

If the Committee approves the proposed additions, all entities of the Federal Government will be required to procure the commodities, military resale commodities and services listed below from workshops for the blind or other severely handicapped.

It is proposed to add the following commodities, military resale commodities and services to Procurement List 1986, October 15, 1985 (50 FR 41809):

Commodities

Insect Bar, Cot
7210-00-266-9740
Panel Marker, Aerial Liaison
8345-00-174-6865

Military Resale Item Nos. and Names

No. 981 Towel, Fashion Design
No. 982 Potholder, Fashion Design

Services

Janitorial/Custodial
Federal Building-U.S. Courthouse
125 Bull Street,
Savannah, Georgia
Repair of Small Hand Tools
Robins Air Force Base, Georgia

Deletion

It is proposed to delete this following service from Procurement List 1986, October 15, 1985 (50 F.R. 41809):

Service

Janitorial/Custodial
U.S. Courthouse
120 North Henry Street
Madison, Wisconsin

C.W. Fleetcher,

Executive Director.

[FR Doc. 86-24574 Filed 10-29-86; 8:45 am]

BILLING CODE 6820-33-M

COMMODITY FUTURES TRADING COMMISSION

Applications of the Chicago Board of Trade and the Chicago Mercantile Exchange for Designation as Contract Markets in Futures and Option Contracts

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice of availability of the terms and conditions of proposed futures and option contracts.

SUMMARY: The Chicago Board of Trade ("CBT") has applied to the Commodity Futures Trading Commission ("Commission") for designation as a contract market in Institutional Index futures. In addition, the Chicago Mercantile Exchange ("CME") has applied for designation as a contract market in futures on the CME Dollar Index and for designation as a contract market in options on its random length lumber futures contract. The Director of the Division of Economic Analysis of the Commodity Futures Trading Commission ("Commission"), acting pursuant to the authority delegated by Commission Regulation 140.96, has determined that publication of the proposals for comment is in the public interest, will assist the Commission in considering the views of interested persons, and is consistent with the purposes of the Commodity Exchange Act.

DATE: Comments on the CBT's Institutional Index futures contract and the CME's Dollar Index futures contract must be received on or before December 29, 1986. Comments on the CME's random length lumber option contract must be received on or before December 1, 1986.

ADDRESS: Interested persons should submit their views and comments to Jean A. Webb, Secretary, Commodity Futures Trading Commission, 2033 K Street NW., Washington, DC 20581. Reference should be made to the specific futures or option contract(s) being addressed.

FOR FURTHER INFORMATION CONTACT: For the CBT Institutional Index and the CME Dollar Index contracts, contact Naomi Jaffe, Division of Economic Analysis, Commodity Futures Trading Commission, 2033 K Street NW.,

Washington, DC 20581, (202) 254–7303. For the random length lumber futures option contract, contact Richard Shilts at the same address and telephone number.

Copies of the terms and conditions of the proposed futures and option contracts will be available for inspection at the Office of the Secretariat, Commodity Futures Trading Commission, 2033 K Street NW., Washington, DC 20581. Copies of the terms and conditions can be obtained through the Office of the Secretariat by mail at the above address or by phone at (202) 254–6314.

Other materials submitted by the CBT or the CME in support of the applications for contract market designation may be available upon request pursuant to the Freedom of Information Act (5 U.S.C. 552) and the Commission's regulations thereunder (17 CFR Part 145 (1984)), except to the extent they are entitled to confidential treatment as set forth in 17 CFR 145.5 and 145.9.

Requests for copies of such materials should be made to the FOI, Privacy and Sunshine Acts Compliance Staff of the office of the Secretariat at the Commission's headquarters in accordance with 17 CFR 145.7 and 145.8.

Any person interested in submitting written data, views or arguments on the terms and conditions of the proposed contracts, or with respect to other materials submitted by the CBT or the CME in support of their applications, should send such comments to Jean A. Webb, Secretary, Commodity Futures Trading Commission, 2033 K Street NW., Washington, DC 20581.

Issued in Washington, DC, on October 27, 1986.

Paula A. Tosini,

Director, Division of Economic Analysis.

[FR Doc. 86–24577 Filed 10–29–86; 8:45 am]

BILLING CODE 6351–01–M

DEPARTMENT OF DEFENSE

Office of the Secretary

Advisory Committee on Integrated Long-Term Strategy; Meeting

ACTION: Notice of adivsory committee meeting.

SUMMARY: The Advisory Committee on Integrated Long-Term Strategy will meet in closed sesson on 15 December 1986 in the Old Executive Office Building, Washington, DC.

The mission of the Advisory Committee on Integrated Long-Term Strategy is to provide the Secretary of Defense and the Assistant to the president for National Security Affairs with an independent, informed assessment of the policy and strategy implications of advanced technologies for strategic defense, strategic offense and theater warfare, inlcuding conventional war. At this meeting the Committee will hold classified discussions of national secruity matters dealing with strategic defense and strategic offense.

In accordance with Section 10(d) of the Federal Advisory Committee Act, Pub. L. No. 92–463, as amended [U.S.C. App. II, (1982)], it has been determined that this Advisory Committee meeting concerns matters listed in 5 U.S.C. 552b(c)(1)(1982), and that accordingly this meeting will be closed to the public.

Patricia H. Means,

OSD Federal Register Liaison Officer, Department of Defense.

October 27, 1986.

[FR Doc. 86–24544 Filed 10–29–86; 8:45 am]

BILLING CODE 3810–01–M

Graduate Medical Education Advisory Committee; Open Meeting

SUMMARY: Pursuant to the provisions of Pub. L. 92–463, notice is hereby given that an open meeting of the Department of Defense Graduate Medical Education Advisory Committee has been scheduled as follows:

DATE: November 14, 1986, 8:00 a.m. to 5:00 p.m.

ADDRESS: Sheraton National Hotel, Columbia Pike and Washington Boulevard, Arlington, Virginia.

FOR FURTHER INFORMATION CONTACT: Lieutenant Colonel Michael Herndon, Executive Secretary, DoD Graduate Medical Education Advisory Committee, Office of the Assistant Secretary of Defense (Health Affairs), Room 1B657, the Pentagon, Washington, 20301 (202) 694–0748.

SUPPLEMENTARY INFORMATION: This will be the sixth meeting of the Committee. Presentations of current and projected Service programs will be made. A DoD projection of wartime requirements by specialty will be presented.

Patricia H. Means,

OSD Federal Register Liaison Officer, Department of Defense.

October 27, 1986.

[FR Doc. 86–24543 Filed 10–29–86; 8:45 am]

BILLING CODE 3810–01–M

DEPARTMENT OF ENERGY

Economic Regulatory Administration

[Docket No. ERA C&E 86–52; OFP Case No. 52411–2367–04,05,06,–25]

Order Granting to Public Service of New Hampshire Temporary Exemptions From the Prohibitions of the Powerplant and Industrial Fuel Use Act of 1978

AGENCY: Economic Regulatory Administration, DOE.

ACTION: Order granting temporary exemption.

SUMMARY: The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) hereby gives notice that it has granted a temporary exemption from the prohibition of Title III of the Powerplant and Industrial Fuel Use Act of 1978, 42 U.S.C. 8301 *et seq.* ("FUA" or "the Act") to Public Service Company of New Hampshire (Public Serivce or "the petitioner"). The temporary exemption permits the use of petroleum as the primary energy source for Schiller Generating Station Units 4, 5 ands 6, located in Portsmouth, New Hampshire, based on the temporary lack of an alternative fuel at a price which does not substantially exceed the cost of using imported petroleum. Detailed information on the proceeding is provided in the **SUPPLEMENTAL INFORMATION** section below.

DATES: The order shall take effect on December 29, 1986.

The public file containing a copy of the order, other documents, and supporting materials on this proceeding is available upon request through DOE, Freedom of Information Reading Room, 1000 Independence Avenue, SW., Room 1E–190, Washington, DC., 20585, Monday through Friday, 9:00 a.m. to 4:00 p.m. except Federal holidays.

FOR FURTHER INFORMATION CONTACT:

Ellen Russell, Office of Fuels Programs, Economic Regulatory Administration, 1000 Independence Avenue, SW., Room GA–093, Washington, DC 20585. Telephone: (202) 252–9624.

Steven E. Ferguson, Esq., Office of General Counsel, Department of Energy, Forrestal Building, Room 6A–113, 1000 Independence Avenue, SW., Washington, D.C. 20585. Telephone: (202) 252–6947.

SUPPLEMENTARY INFORMATION: On August 4, 1986, Public Service petitioned under section 311(a) of FUA for a temporary exemption for three existing powerplant boilers located at their Schiller generating station in

Portsmouth, New Hampshire. The petition for exemption was based on the temporary lack of an alternative fuel supply at a cost which does not substantially exceed the cost of using imported petroleum.

This order provides for the use of petroleum in Schiller units 4, 5, and 6 for a period of 10 years. Pursuant to section 311(h)(2)(A) of FUA, this order may not be extended or renewed at the end of the 10-year exemption period.

At Public Service's discretion, petroleum use shall replace the use of coal when the difference between the cost of using coal at the cost of using imported petroleum is greater that $0.00.

NEPA Compliance:

Pusuant to section 763(1) of FUA the granting of a temporary exemption under the Act is not deemed a major Federal action for purposes of section 102(2)(C) of the National Environmental Policy Act of 1969.

Procedural Requirements.

In accordance with the procedural requirements of section 701(c) of FUA, ERA published its Notice of Acceptance of Petition and Availability of Certification in the **Federal Register** on September 3, 1986 (51 FR 31357), commencing a 45-day public comment period.

A copy of the petition was provided to the Environmental Protection Agency for comments as required by section 701(f) of the Act. During the comment period, interested persons were afforded an opportunity to request a public hearing. During the comment period no comments were received and no hearing was requested.

Order Granting Permanent Exemption

Based upon the entire record of this proceeding, ERA has determined the Public Service has satisfied the eligibility requirements for the requested temporary exemption. Therefore, pursuant to section 212 of FUA, ERA hereby grants a temporary exemption to Public Service to permit the use of petroleum as the primary energy source for units 4, 5, and 6 at its Portsmouth, Hew Hampshire powerplant.

Pursuant to section 702(c) of the Act any person aggrieved by this order may petition for judicial review thereof at any time before the 60th day following the publication of this order in the **Federal Register.**

Issued in Washington, DC, on October 24, 1986.

Robert L. Davies,

Director, Office of Fuels Programs Economic Regulatory Administration.

[FR Doc. 86-24538 Filed 10-29-86; 8:45 am]

BILLING CODE 6450-01-M

Federal Energy Regulatory Commission

[Docket Nos. ER87-35-000 et al.]

Electric Rate and Corporate Regulation Filings, Southern California Edison Co. et al.

Take notice that the following filings have been made with the Commission:

1. Southern California Edison Co.

[Docket No. ER87-35-000]

October 22, 1986.

Take notice that on October 17, 1986, Southern California Edison Company ("Edison") tendered for filing a notice of change of rates for the modification of Table 1 of Appendix B of the Integrated Operations Agreement ("IOA") to reflect the scheduling units for scheduling and dispatching of entitlement in Palo Verde Nuclear Generating Station ("PVNGS") under the provisions of Edison's rate schedule for the City of Vernon FERC No. 154. Edison requests, to the extent necessary, Waiver of Notice requirements. Edison states that copies of the filing were served upon the Public Utilities Commission of the State of California and all interested parties.

Comment date: November 4, 1986, in accordance with Standard Paragraph E at the end of this notice.

2. Ocean State Power

[Docket No. ER87-23-000]

October 24, 1986.

Take notice that on October 16, 1986, Ocean State Power tendered for filing with the Federal Energy Regulatory Commission four initial rate schedules. The rate schedules consist of unit power agreements between Ocean State Power and Boston Edison Company, New England Power Company, Montaup Electric Company and Newport Electric Corporation, respectively. The unit power agreements provide for the sale of the capacity and corresponding energy of a combined cycle unit to be constructed in Burrillville, Rhode Island and owned by Ocean State Power.

Ocean State Power has requested a waiver of notice requirements to permit filing of the rate schedule more than 120 days prior to its proposed effective date. Copies of the filing were served upon Boston Edison Company, New England Power Company, Montaup Electric Company, Newport Electric Corporation, the Massachusetts Public Utilities Commission and the Rhode Island Public Utilities Commission.

Comment date: November 4, 1986, in accordance with Standard Paragraph E at the end of this notice.

3. Central Vermont Public Service Co.

[Docket No. ER81-649-000]

October 24, 1986.

Take notice that on October 21, 1986, Central Vermont Public Service Company (CVPS) tendered for filing additional materials as part of its earlier filing in this docket. The additional material consists of data concerning the Millstone Plant (filed on October 20, 1986) and material concerning the Seabrook I Plant. CVPS states in its cover letters that it has provided copies of the materials to the recipients of its original filing of May 30, 1986.

Comment date: November 6, 1986, in accordance with Standard Paragraph E at the end of this notice.

4. The Connecticut Light and Power Co.

[Docket No. ER87-20-000]

October 24, 1986.

Take notice that on October 9, 1986, the Connecticut Light and Power Company (CL&P) tendered for filing a proposed rate schedule pertaining to a sales agreement (Sales Agreement) with respect to Montville and Middletown Units between CL&P and Boston Edison Company (BECO) dated as of September 22, 1986.

CL&P states that the rate schedule provides for a sale to Boston Edison of capacity and energy from CL&P's Montville Units Nos. 5 and 6 and Middletown Units Nos. 2, 3, and 4 (the Units) during the period November 1, 1986 to October 31, 1991, together with related transmission service.

CL&P requests that the Commission permit the rate schedule filed to become effective as of November 1, 1986.

CL&P states that the capacity charge rate for the first twenty-six months for the proposed service is a negotiated rate, based on the market price for the capacity, and less than the cost-of-service rate. The capacity charge for the reminder of the term is determined on a cost-of-service basis at the time that the Sales Agreement was executed. The monthly transmission charge rate is equal to one-twelfth of the annual average cost of transmission service on the transmission systems of CL&P and its affiliated Northeast Utilities companies at the time that the Sales Agreement was executed and is

determined in accordance with section 13.9 of the New England Power Pool (NEPOOL) Agreement and the uniform rules adopted by the NEPOOL Executive Committee. The monthly Transmission Charge is determined by the product of (i) the appropriate monthly transmission charge rate ($/kw-month and (ii) the number of kilowatts of winter capability which BECO is entitled to receive during such month. The Energy Charge and the Station Service Energy Charge are based on BECO's portion of the applicable fuel expenses and no special cost-of-service studies were made to derive these charges.

CL&P states that a copy of this filing has been mailed to BECO, Boston, MA.

Comment date: November 3, 1986, in accordance with Standard Paragraph E at the end of this notice.

5. Gulf States Utilities Co. v. Towns of Gueydan, Kaplan and Erath, Louisiana; the Cities of Newton, and Caldwell, Texas; and the Kirbyville Light and Power Company, Sam Rayburn Dam Electric Cooperative, Inc., Sam Rayburn G and T, Inc., and Sam Rayburn Municipal Power Agency

[Docket No. EL87-3-000]

October 24, 1986.

Take notice that on October 21, 1986, Gulf States Utilities Company ("GSU") tendered for filing a petition for a declaratory order stating that the above-named entities have no present basis to invoke the termination provisions of their respective service schedules and power supply agreements.

Comment date: November 6, 1986, in accordance with Standard Paragraph E at the end of this notice.

6. Iowa-Illinois Gas and Electric Co.

[Docket No. EL87-28-000]

October 24, 1986.

Take notice that Iowa-Illinois Gas and Electric Company (Iowa-Illinois), on October 14, 1986, filed a Second Amendment dated September 2, 1986 (the Amendment) to Facilities Agreement dated September 4, 1981, as supplemented, with Interstate Power Company (Interstate), proposed effective on the in-service date of certain 345 kV electric transmission facilities between Interstate's Rock Creek Substation, Clinton County, Iowa, and Quad-Cities Station Substation, Rock Island County, Illinois.

Iowa-Illinois states the amendment adopts Second Revised Service Schedule A and Second Revised Schedule B, respectively reflecting additional facilities and points of connection, and, associated metering, as a resulting of the completion of facilities which, under separate arrangements, are under construction anticipated to be completed near year-end, as to which waiver of the filing and notice requirements are requested.

Iowa-Illinois states a complete copy of the filing has been mailed to Interstate, the Utilities Division of the Iowa Department of Commerce, the Illinois Commerce Commission, and the Minnesota Public Utilities Commission.

Comment date: November 4, 1986, in accordance with Standard Paragraph E at the end of this notice.

7. Metropolitan Edison Co.

[Docket No. EL87-34-000]

October 22, 1986.

Take notice that on October 17, 1986, Metropolitan Edison Company (Met-Ed) tendered for filing tariff changes increasing its rates for wholesale all requirements, partial and wheeling service and decreasing its rates for wheeling service to the Borough of Kutztown. Met-Ed states that the changes, in two phases, reflect an annual increase in revenues of $1,073,502 (Phase A) and $1,174,231 (Phase B). Met-Ed requests effective dates of December 16 and 17, 1986 respectively.

Comment date: November 4, 1986, in accordance with Standard Paragraph E at the end of this notice.

8. Public Service Company of Oklahoma

[Docket No. EL87-33-000]

October 24, 1986.

Take notice that on October 16, 1986, Public Service Company of Oklahoma ("PSO") tendered for filing Notices of Cancellation of PSO's Power Sales and Service Contracts with the following Oklahoma cities: Copan and Wetumka. As of July 1, 1986, these cities began taking service from the Oklahoma Municipal Power Authority (OMPA) and ceased taking service from PSO. PSO also tendered for filing an amended Delivery Point Transmission Service Schedule to the Interconnection and Power Agreement between PSO and OMPA. By the amendment, PSO adds Copan and Wetumka to the list of OMPA delivery points served, renames the Duncan East Line Tap the Duncan West Line Tap, adds one additional substation at that point, and extends service to the Duncan West Line Tap delivery point until May 31, 1991. PSO requests an effective date of July 1, 1986 for the cancellations and amended service schedule and, accordingly, requests waiver of the Commission's notice requirements.

Copies of the filing have been served on Copan, Wetumka, the Oklahoma Corporation Commission and the Oklahoma Municipal Power Authority.

Comment date: November 4, 1986, in accordance with Standard Paragraph E at the end of this notice.

9. Public Service Company of Indiana, Inc.

[Docket No. EL87-29-000]

October 24, 1986.

Take notice that Public Service Company of Indiana, Inc. on October 14, 1986 tendered for filing pursuant to the Power Coordination Agreement between Public Service Company of Indiana, Inc. (PS) and Wabash Valley Power Association, Inc. (WVPA) a Fifth Supplemental Agreement to become effective January 1, 1987, pursuant to § 35.2 of the Commission's Regulations.

The Fifth Supplemental Agreement modifies the Fourth Supplemental Agreement, which contains the Interim Power Rate Schedule. The purpose of the Fifth Supplemental Agreement is to change the termination date of the Interim Power Rate Schedule from December 31, 1986 to December 31, 1988.

Copies of the filing were served upon Wabash Valley Power Association, Inc. and the Public Service Commission of Indiana.

Comment date: November 3, 1986, in accordance with Standard Paragraph E at the end of this notice.

10. The United Illuminating Co.

[Docket No. ER87-30-000]

October 24, 1986.

Take notice that on October 14, 1986, the United Illuminating Company (UI) tendered for filing as an initial rate schedule FERC Electric Tariff, Original Volume Number I which sets rates for the service of wheeling of power ("Tariff"). The Tariff shall be effective January 1, 1987.

UI states that the Tariff provides for charges for the service of wheeling of power which shall be applicable to all customers desiring to wheel power from within UI's service area to a utility located outside such service area.

The wheeling rate is designed to allocate to a wheeling customer its appropriate share of UI's cost of owning, operating and maintaining the facilities of the wheeling system utilized by the customer for wheeling. It is a cost-of-service rate equal to the annual cost of the wheeling service on the UI system divided by the coincident peak demand and determined in accordance with the Tariff.

UI states that copies of the rate schedule have been mailed or delivered to Science Park Energy Associates, New

Haven Steam Power Company, Inc. and the Connecticut Department of Public Utility Control.

UI further states that the filing is in accordance with section 35 of the Commission's Regulations.

Comment date: November 4, 1986, in accordance with Standard Paragraph E at the end of this document.

Standard Paragraph

E. Any person desiring to be heard or to protest said filing should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 825 North Capitol Street NE., Washington, DC 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). All such motions or protests should be filed on or before the comment date. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection.

Kenneth F. Plumb,

Secretary.

[FR Doc. 86-24590 Filed 10-29-86; 8:45 am]

BILLING CODE 6717-01-M

[Docket Nos. CP87-24-000, et al.]

Natural Gas Certificate Filings; Northwest Central Pipeline Corp. et al.

Take notice that the following filings have been made with the Commission:

1. Northwest Central Pipeline Corp.

[Docket No. CP87-24-000]

October 24, 1986.

Take notice that on October 14, 1986, Northwest Central Pipeline Corporation (Northwest Central), P.O. Box 3288, Tulsa, Oklahoma 74101, filed in Docket No. CP87-24-000 a request pursuant to § 157.205 of the Regulations under the Natural Gas Act (18 CFR 157.205) for authority to construct and operate a new sales tap for the direct interruptible sale of natural gas to Neodesha Alfalfa Products, Inc. (Neodesha), in Wilson County, Kansas, for use in an alfalfa dehydrator under the authorization issued in Docket No. CP82-479-001, all as more fully set forth in the request on file with the Commission and open to public inspection.

Northwest Central states that the proposed sale would not significantly affect its overall gas supply or have any detrimental effect on existing customers. It is indicated that the projected volume of delivery to Neodesha is approximately 18,300 Mcf per year and 150 Mcf on a peak day. It is estimated that the cost of the facilities is $6,750, which would be paid from available cash.

Comment date: December 8, 1986, in accordance with Standard Paragraph G at the end of this notice.

2. Trunkline Gas Co.

[Docket No. CP87-27-000]

October 27, 1986.

Take notice that on October 15, 1986, Trunkline Gas Company (Trunkline), P.O. Box 1642, Houston, Texas 77251-1642, filed in Docket No. CP87-27-000 an application pursuant to section 7(c) of the Natural Gas Act for a certification of public convenience and necessity authorizing the transportation of natural gas on behalf of Panhandle Eastern Pipe Line Corporation (Panhandle), with pregranted abandonment, all as more fully set forth in the application which is on file with the Commission and open for public inspection.

Pursuant to a transportation agreement between Trunkline and Panhandle dated October 14, 1986, Trunkline proposes to transport up to 65,000 Mcf of natural gas per day on an interruptible basis on behalf of Panhandle. It is stated that the proposed term of the service is the earlier of October 14, 1988, or 30 days following the date that Trunkline accepts an Order No. 436 blanket certificate, or the commencement of deliveries of the subject gas through the facilities proposed to be constructed by Mantaray Transmission Company in Docket No. CP86-508-000. Trunkline would receive volumes for Panhandle's account at an existing point of interconnection between the facilities of Trunkline and Houston Pipe Line Company in Waller County, Texas. Trunkline would redeliver the gas to Panhandle at an existing point of interconnection between the facilities of Trunkline and Panhandle in Douglas County, Illinois (Tuscola). For this transportation service, Trunkline proposes to charge Panhandle 43.22 cents per Mcf.

It is stated that the gas to be transported is produced in Matagorda Island Area Blocks 622 and 623, offshore Texas, by Pan Eastern Exploration Company and is dedicated to Panhandle for use as system supply. It is explained that in order for Trunkline to receive the transportation gas in Waller County, Panhandle, as the shipper, is negotiating separate transportation arrangements with Northern Natural Gas Company, Seagull Shoreline System and Houston Pipe Line Company.

Comment date: November 17, 1986, in accordance with Standard Paragraph F at the end of this notice.

3. Blue Dolphin Pipe Line Co.

[Docket No. CP87-31-000]

October 27, 1986.

Take notice that on October 20, 1986, Blue Dolphin Pipe Line Company (Blue Dolphin), Suite 200, Citicorp Center, Houston, Texas 77002, filed in Docket No. CP87-31-000 an application pursuant to section 7(c) of the Natural Gas Act and § 284.221 of the Commission's Regulations (18 CFR 284.221) for a blanket certificate of public convenience and necessity authorizing transportation of natural gas on behalf of others, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Blue Dolphin states that it intends to transport natural gas on behalf of all shippers and elects to become a transporter under the terms and conditions of the Commission's Order No. 436, issued October 9, 1985, in Docket No. RM85-1-000. Blue Dolphin further states that it accepts and would comply with the conditions in paragraph (c) of § 284.221 of the Commission's Regulations which paragraph refers to Subpart A of Part 284 of the Commission's Regulations.

Comment date: November 17, 1986, in accordance with Standard Paragraph F at the end of this notice.

4. Columbia Gulf Transmission Co.

[Docket No. CP87-18-000]

October 27, 1986.

Take notice that on October 10, 1986, Columbia Gulf Transmission Company (Applicant), P.O. Box 683, Houston, Texas 77001, filed in Docket No. CP87-18-000 an application pursuant to section 7(b) of the Natural Gas Act for permission and approval to abandon compression facilities in East Cameron 273, offshore Louisiana, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Applicant proposes to abandon four skid mounted 600 horsepower gas compression turbines for a total of 2,400 horsepower from the Phillips Petroleum Company's (Phillips) production platform in East Cameron 273, offshore Louisiana. Applicant states that these facilities are not currently in use and that Phillips would replace these compression units with a single stage 225 horsepower unit for the gas volumes

being produced. Applicant indicates that production from the area has been reduced to one well and cannot be handled by these compression facilities. Applicant asserts that the facilities to be abandoned are no longer required and would not result in the termination of service or detriment to any of Applicant's customers.

Comment date: November 17, 1986, in accordance with Standard Paragraph F at the end of this notice.

5. Columbia Gas Transmission Corp.

[Docket No. CP87-29-000]

October 27, 1986.

Take notice that on October 16, 1986, Columbia Gas Transportation Corporation (Applicant), 1700 MacCorkle Avenue, SE., Charleston, West Virginia 25314, filed in Docket No. CP87-29-000 an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience, and necessity authorizing the firm transportation of natural gas for Consolidated Gas Transportation Corporation (Consolidated), all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Applicant requests authorization to transport, on a firm basis, up to 120,000 dt equivalent of natural gas per day for Consolidated commercing April 1, 1987, and continuing for a primary term of 20 years. Applicant states that the subject gas would be volumes purchased from Consolidated by Washington Gas Light Company (Washington) and Baltimore Gas and Electric Company (Baltimore) and transported by Applicant from the vicinity of its Clendenin Compressor Station in Kanawha County, West Virginia (the Clendenin area), and delivered through Applicant's existing delivery points to Baltimore and Washington for the account of Consolidated. It is indicated that Baltimore and Washington would each be entitled to receive a maximum of 60,000 dt equivalent per day.

Applicant submits that the instant application is related to and contingent upon the Commission's action with respect to Applicant's Request for Rehearing or Clarification of the Commission's September 12, 1986 order in Docket No. CP85-756-000, *et al.* Further, Applicant submits that, in the event that the Commission does not grant Applicant's request for rehearing or clarification, Applicant would request that this competitive application be acted upon, consolidated with Consolidated's application in Docket Nos. CP85-756-000 and 001, Consolidated System LNG Company's and Consolidated's application in Docket No. CP86-208-000 and 001, and Texas Eastern Transmission Corporation's (Texas Eastern) application in Docket No. CP87-806-000, and set for a comparative hearing. Accordingly, Applicant submits that, if the Commission grants rehearing or clarification as requested by Applicant, Applicant would withdraw that instant application.

Applicant states that its proposal would permit Washington and Baltimore to purchase the subject volumes from Consolidated without the need for (i) Texas Eastern to construct 12.88 miles of pipeline at an estimated cost of $15,365,000; (ii) Consolidated to acquire Line P1-1 at a cost of $37,313,905, and build certain additional facilities at a cost of $810,000; and (iii) Washington and Baltimore to construct interconnecting pipelines at an estimated cost of $25,000,000.

Applicant proposes to provide the transportation service under a new Volume No. 2 Rate Schedule, based on a rate equivalent to the maximum rate provided under Applicant's effective FTS Rate Schedule. It is indicated that the minimum and maximum revenues for this service, as outlined in Exhibit N of the application, would be based upon the proposed FTS rates contained in Applicant's general rate filing in Docket No. RP86-168-000, *et al.*, which rates would be anticipated to become effective on April 1, 1987.

It is indicated that Applicant would transport this gas to Baltimore and Washington from various existing interconnections with either Consolidated or its pipeline suppliers. Applicant states that four such readily available points of interconnection would be the interconnection designated R1 located in the Clendenin area and the interconnections designated R2, R3 and R4 located at various points on Applicant's transmission system downstream of the Clendenin area all as described in Exhibit F to the application. Applicant futher states that no additional facilities would be requried by Applicant in order to receive the gas from Consolidated at existing interconnections and provide the proposed transportation service.

Comment date: November 17, 1986, in accordance with Standard Paragraph F at the end of this notice.

6. Northern Natural Gas Co., Division of Enron Corp.

[Docket No. CP86-633-001]

October 27, 1986.

Take notice that on October 17, 1986, Northern Natural Gas Company, Division of Enron Corp. (Northern), 2223 Dodge Street, Omaha, Nebraska 68102, filed in Docket No. CP86-633-001, an amendment to its application filed in Docket No. CP86-633-000 pursuant to section 7(c) of the Natural Gas Act, for a certificate of public convenience and necessity requesting authority to implement effectivef November 27, 1986, the third phase of adjustments to the firm entitlement of certain of Northern's market area utility customers in accordance with the provisions of Northern's stipulation and agreement of settlement filed on March 29, 1985, in Docket No. RP82-71 *et. al.*, as more fully set forth in the amendment which is on file with the Commission and open to public inspection.

Northern indicates that since filing its original application on July 21, 1986, Northern has received and would like to accommodate subsequent requests for revisions to previously filed firm entitlement adjustments. Northern Illinois Gas Company requests to be included in the third phase of the firm entitlement adjustment program (turnback program) and to reduce its firm entitlement under the Pipe Line Rate Schedule (PL-1) by 2,757 Mcf of gas per day. Northern further desires to amend its original application to incorporate requests from ANR Pipeline Company and Iowa Electric Light and Power Company to rescind their previous requests for firm entitlement reduction under Rate Schedules PL-1 and CD-1 of 1,730 Mcf of gas per day and 3,063 Mcf of gas per day, respectively.

Northern requests that its original application also be amended to reflect a series of other requests. Northern indicates that the City of Coon Rapids, Iowa, has advised Northern that it no longer desires to participate under the General Service Rate Schedule (GS-1). Northern also indicates that in Docket No. CP86-577-000 it was authorized to increase the firm entitlement associated with Western Gas Utilities, Inc., by 56 Mcf of gas per day effective October 27, 1986. In addition, Northern indicated that under its blanket certificate issued in Docket No. CP82-401-000, it was permitted to consolidate due to corporate acquisition of the firm entitlement of Iowa Gas Company, Iowa Public Service Company (IPS) and North Central Public Service Company under the surviving Company, IPS. Also, Northern indicates that the Commission approved in Docket No. CP86-652-000 a realignment of certain volumes of CD-1 and SS-1 among existing delivery points for IPS. Northern also indicates that it effectuated pursuant to its blanket

certificate the transfer of the communities of Hooper and Scribner and their associated firm entitlement of 700 Mcf of gas per day and 910 Mcf of gas per day, respectively, from the Natural Gas Division of the city of Fremont, Department of Utilities, to Peoples Natural Gas Company (Peoples). Finally, Northern indicates that pursuant to authority granted in Docket No. CP86-473-000, effective July 27, 1986, the firm entitlement of 46 Mcf of gas per day at Norman Park First Addition was transferred from Peoples to Austin Utilities.

Northern indicates that the above-described revisions have been incorporated into a revised Exhibit I to the certificate application.

Comment date: November 17, 1986, in accordance with the first subparagraph of Standard Paragraph F at the end of this notice.

7. Northwest Central Pipeline Corp.

[Docket No. CP87-23-000]

October 27, 1986.

Take notice that on October 14, 1986, Northwest Central Pipeline Corporation (Northwest Central), P.O. Box 3288, Tulsa, Oklahoma 74101, filed in Docket No. CP87-23-000 a request pursuant to § 157.205 of the Commission's Regulations under the Natural Gas Act (18 CFR 157.205) for authorization to abandon certain obsolete facilities and to construct and operate replacement facilities for the delivery of natural gas to Kansas Power and Light Company (KPL) in Missouri and Oklahoma, under the authorization issued in Docket No. CP82-479-000 pursuant to section 7 of the natural Gas Act, all as more fully set forth in the request which is on file with the Commission and open to public inspection.

Northwest Central proposes to replace and relocate the delivery points where Northwest Central has been delivering gas to KPL at Pierce City, Missouri, and Nowata, Oklahoma. It is stated that Northwest Central would abandon by reclaim its delivery points and appurtenant facilities at Pierce City and Nowata. It is further stated that Northwest Central would abandon by sale to KPL approximately 1,200 feet of 3-inch pipeline downstream of the existing Pierce City delivery point and approximately 2,758 feet of 6-inch pipeline downstream of the Nowata delivery point.

It is asserted that Northwest Central would relocate and construct and operate replacement measuring, regulating and appurtenant facilities for deliveries to KPL at Pierce City and Nowata at a cost of $75,920. It is explained that there would be no interruption of service, no change in peak day and annual deliveries and no negative impact on Northwest Central's other customers.

Comment date: December 11, 1986, in accordance with Standard Paragraph G at the end of this notice.

8. Northwest Pipeline Corp.

[Docket No. CP87-6-000]

October 27, 1986.

Take notice that on October 2, 1986, Northwest Pipeline Corporation (Northwest), 295 Chipeta Way, Salt Lake City, Utah 84108, filed in docket No. CP87-6-000, a petition for an order declaring that a certain activity as proposed by Northwest is a temporary act or operation for which the issuance of a certificate under section 7(c) of the Natural Gas Act (NGA) is not required in the public interest and is therefore exempt from the requirements of that section. The activity, it is stated, for which Northwest seeks the exemption is the transportation of up to 31,000 MMBtu of non-jurisdictional sales gas per day (MMBtu/d) by Northwest for sale to Exxon Company U.S.A. (Exxon) for use as emergency shut-down (ESD) gas at Exxon's Shute Creek Processing Plant in Lincoln County, Wyoming, all as more fully set forth in the petition which is on file with the Commission and open to public inspection.

It is stated that on August 30, 1985, the Commission issued an order in Docket No. CP85-349-000 authorizing Northwest to construct an 18-mile, 20-inch pipeline (the residue line) connecting Exxon's Shut Creek Processing Plant to Northwest's 30-inch Opal lateral pipeline.

It is stated that the Northwest has agreed to the direct sale of 31,000 MMBtu/d of pipeline quality gas to Exxon. It is indicated that Northwest's pipeline quality gas would be delivered from its 30-inch lateral line to its 20-inch residue line for ultimate delivery to Exxon's plant. Northwest proposes to deliver both the available line pack in the residue line and any additionally required non-jurisdictional sales gas volumes to Exxon's Shute Creek plant.

It is maintained that the ESD gas delivered to Exxon would be used in various emergency plant shut-down situations to protect Exxon's plant facilties during an upset and subsequently to repurge, repack and restart the Shute Creek plant. It is stated that absent Northwest's ability to provide ESD gas, Exxon would be unable to flare the unprocessed gas within the plant site because the raw gas contains lethal amounts of hydrogen sulfide; thus the limited venting of this gas could create a safety hazard for field employees. It is anticipated that ESD events would occur only a few times per year and that emergency gas deliveries would be required only for short periods of time for each emergency situation. The term of the proposed service would be 15 years from the date of initial delivery and year to year thereafter until cancelled upon 6 months written notice.

It is stated that for all ESD volumes of natural gas sold to Exxon, Northwest would charge a rate equivalent to its then effective rate schedule DS-1 flat commodity rate, exclusive of special surcharges, plus the applicable Gas Research Institute charge as set forth on Sheet Number 10 in Northwest's FERC Gas Tariff, First Revised Volume No. One. It is stated that such rate is currently 25.271 cents per therm.

For all volumes of sales gas or residue line inventory gas delivered by Northwest to Exxon's plant under the ESD Agreement, Exxon would reimburse Northwest for all charges levied by ANR unde an agreement between ANR and Northwest (residue line agreement). The initially proposed rate for Northwest's use of ANR's dedicated residue line capacity under the residue line agreement is 6.3 cents per MMBtu.

It is also stated that Exxon would pay Northwest a monthly demand charge based upon the cost-of-service attributable to the measurement facilities which will be used to meter sales gas. The initial demand charge is $8,565 and is subject to an annual recalculation to reflect actual expenses.

It is maintained that the contemplated sale to Exxon is for temporary periods (only during times of plant upset), is of a contingent, infrequent and non-continuous nature, and is for the purpose of averting personal injury or property damage. It is stated that Exxon would bear all costs of any emergency delivery, and Northwest's rate base would be unchanged.

It is stated that Northwest requests that the Commission issue a declaratory order confirming that the activity described above is a temporary act or operation for whch the issuance of a certificate under section 7(c) of the NGA is not required in the public interest and is therefore exempt from the requirements of that section.

Comment date: November 17, 1986, in accordance with the first subparagraph of Standard Paragraph F at the end of this notice.

9. Pacific Gas Transmission Co.

[Docket No. CP87-19-000]

October 27, 1986.

Take notice that on October 10, 1986, Pacific Gas Transmission Company (Applicant), 160 Spear Street, San Francisco, California 94105-1570, filed an application pursuant to section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing (1) the interruptible transportation of natural gas in interstate commerce; and (2) pregranted abandonment authorization upon termination of the transportation agreement, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

It is stated that the transportation would be accomplished by means of a delivery to Applicant at Kingsgate, British Columbia, of up to 250,000 Mcf of natural gas per day for the account of Poco Petroleums Ltd. (Poco), and the redelivery up to 150,000 Mcf of natural gas per day for the account of Poco at a point of interconnection between the pipeline systems of Applicant and Northwest Pipeline Company at Stanfield, Oregon, and up to 100,000 Mcf of natural gas per day to Pacific Gas and Electric Company at Malin, Oregon. Applicant states that the interruptible transportation service would be accomplished through the utilization of existing capacity available on Applicants system. It is alleged that the term of the agreement would be for a primary term of 90 days, not to exceed one year.

It is further stated that Applicant also seeks pregranted abandonment authorization to terminate service upon termination of the transportation agreement.

Comment date: November 17, 1986, in accordance with Standard Paragaph F at the end of this notice.

10. Panhandle Eastern Pipe Line Co.

[Docket No. CP86-317-002]

October 27, 1986.

Take notice that on October 9, 1986, Panhandle Eastern Pipe Line Company (Petitioner), P.O. Box 1642, Houston, Texas 77251-1642, filed in Docket No. CP86-317-002 pursuant to section 7(c) of the Natural Gas Act a petition to amend its certificate of public convenience and necessity issued in Docket No. CP86-317-000 so as to authorize an increase in the transportation quantity of natural gas and the addition of eleven points of receipt to the transportation service provided to Yankee International Company (Yankee), all as more fully set forth in the petition to amend which is on file with the Commission and open to public inspection.

It is stated that Petitioner requests Commission authorization to implement an amendment dated September 12, 1986, to the transportation agreement dated February 4, 1986, between Petitioner and Yankee authorizing an increase in the transportation quantity from a volume of 50,000 Mcf per day to 86,000 Mcf per day and the addition of eleven points of receipt to the transportation service provided by Panhandle to Yankee. It is asserted that Petitioner provides service to Yankee pursuant to Rate Schedule LT-5 of its FERC Gas Tariff, Original Volume No. 2, and proposes to revise this Rate Schedule upon authorization of service as herein described.

Comment date: November 17, 1986, in accordance with the first subparagraph of Standard Paragraph F at the end of this notice.

11. Texas Gas Transmission Corp.

[Docket No. CP87-7-000]

October 27, 1986.

Take notice that on October 3, 1986, Texas Gas Transmission Corporation (Texas Gas), P.O. Box 1160, Owensboro, Kentucky 42302, filed in Docket No. CP87-7-000 an application pursuant to section 7 of the Natural Gas Act for a certificate of public convenience and necessity authorizing an increase in the contract demands of twenty-one of its existing customers and a decrease in the contract demand of one of its existing customers, all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Texas Gas states that the requested increases in contract demand by the twenty-one existing customers are necessary in order for those customers to adequately serve past and future growth in their residential, commercial and, in some instances, industrial loads, and to avoid incurring penalties due to contract overruns on peak days. The proposed contract demand increases are shown in Appendix A.

Texas Gas further proposes to decrease the contract demand of Louisville Gas and Electric Company (LG&E). It is stated that LG&E originally requested that its contract demand of 231,753 MMBtu of natural gas per day be decreased by a volume of 16,753 MMBtu per day. Texas Gas asserts that, pursuant to the terms of its FERC Gas Tariff, reductions in contract demand must be offset by request for increases in contract demand in the same sales zone and by other customer companies buying under corresponding rate schedules. Texas Gas thus concludes that it is only able to grant a decrease in LG&E's contract demand of 436 MMBtu per day. Texas Gas therefore proposes to reduce the contract demand of LG&E by 436 MMBtu per day.

Texas Gas states that the net increase in contract demand on its system would be 17,059 MMBtu per day which would result in an increase of less than one percent of the total of Texas Gas' aggregated contract demands of all its existing customers. It is stated that Texas Gas would not be required to construct additional facilities to accommodate the contract demand increase requests and that Texas Gas has more than sufficient gas supply to meet these new demands.

Appendix A.—Contract Demand Increases

[MMBTu]

Rate schedule	Customer	Existing contract demand	Requested increase	Proposed contract demand	1985 peak day
SG-2	Benton, Kentucky, City of	3,381	300	3,681	2,619
SG-3	Boonville Natural Gas Corp.	5,185	1,115	6,300	4,775
SG-1	Brownsvilkle, Tennessee, City of	5,185	1,315	6,500	5,916
SG-3	Chandler Natural Gas Corp.	1,883	217	2,100	1,653
SG-1	Clarendon, Arkansas, Town of	1,758	200	1,958	1,367
SG-3	Community Natural Gas Co., Inc.	3,021	479	3,500	2,777
SG-1	Covington, Tennessee, City of	5,185	1,815	7,000	5,168
SG-3	Dome Gas Co., Inc.	4,609	576	5 185	3,891
G-4	Elizabethtown, kentucky, City of	8,284	436	8,720	8,172
SG-1	Halls, Tennessee, Town of	1,898	202	2,100	1,746
SG-1	Holly Grove, Arkansas, Town of	591	60	651	427

Appendix A.—CONTRACT DEMAND INCREASES—Continued

[MMBTu]

Rate schedule	Customer	Existing contract demand	Requested increase	Proposed contract demand	1985 peak day
SG-1	Humboldt, Tennessee, City of	5,699	1,301	7,000	5,682
SG-3	Indiana Natural Gas Corp.	5,185	1,315	6,500	5,300
SG-4	Leitchfield, Kentucky, City of	2,341	159	2,500	2,582
SG-1	Marvell, Arkansas, Town of	1,612	200	1,812	1,309
SG-3	Morganfield, Kentucky, City of	5,089	2,361	7,450	4,873
SG-1	Munford, Tennessee, City of	1,401	199	1,600	1,442
SG-SL	Nezpique Gas System, Inc.	208	92	300	232
SG-1	Olive Branch, Mississippi, Town of	3,114	386	3,500	2,600
SG-3	Providence, Kentucky, City of	2,493	2,457	4,950	2,491
SG-1	Ripley, Tennessee, City of	5,185	2,310	7,495	6,044
	Total Increase		17,495		
	Requested Increase in Contract Demand		17,495		
	Released Contract Demand [1]		436		
	Net Increase		17,059		
	Present Total Jurisdictional Contract Demand		2,584,538		
	New Total Jurisdictional Contract Demand		2,601,597		
	Percent Increase		.66		

[1] Louisville Gas and Electric Company.

Comment date: November 17, 1986, in accordance with Standard Paragraph F at the end of this notice.

12. Transcontinental Gas Pipe Line Corp.

[Docket No. CP78-384-005]

October 27, 1986.

Take notice that on October 14, 1986, Transcontinental Gas Pipe Line Corporation (Transco), P.O. Box 1396, Houston, Texas 77251, filed in Docket No. CP78-384-005, a petition to amend the order issued September 1, 1978, in Docket No. CP78-384, as amended, pursuant to section 7(c) of the Natural Gas Act to add an additional point of delivery of natural gas for Columbia Gas Transmission Corporation (Columbia Gas), all as more fully set forth in the petition which is on file with the Commission and open to public inspection.

Transco states that pursuant to the order issued in Docket No. CP78-384, on September 1, 1978, as amended, it is authorized to transport up to 22,000 Mcf of natural gas per day for Columbia Gas on a firm basis through its Southeast Louisiana Gathering System from a point of receipt in Block 313, Vermilion Area, South addition, offshore Louisiana, to a point in Block 66, South Marsh Island Area (SMI), offshore Louisiana, and to transport up to the same daily quantity on a best efforts basis downstream from SMI Block 66 through the Southeast Louisiana Gathering System and Transco's other facilities to the following existing points of interconnection with Columbia Gulf Transmission Company (Columbia Gulf) onshore in Louisiana:

(1) The terminus of the western leg of the Blue Water Project of Columbia Gulf and Tennessee Gas Pipeline Company at Egan, Acadia Parish, Louisiana;

(2) The outlet of Conoco Inc.'s Acadia Plant, Acadia Parish, Louisiana; and

(3) The interconnection between Columbia Gulf and Transco in section 15, T-5-S, R-2-E, Evangeline Parish, Louisiana.

Transco further states that the transportation agreement between the parties dated May 23, 1978, as amended July 2, 1979, provides for Transco to charge (1) a monthly demand charge of $57,860 for the firm portion of such transportation service based on a contract demand quantity of 22,000 Mcf, and (2) a commodity charge of 20.3 cents per Mcf for the best efforts portion of such service.

Transco avers that by agreement dated May 27, 1986, the parties have agreed to further amend the transportation agreement by adding a point of delivery for the account of Columbia Gas at the existing point of itnerconnection between Columbia Gulf's 30-inch line and Transco's 30-inch line "C" in Terrebonne Parish, Louisiana.

Transco states that it would charge, initially, a commodity charge of 12.2 cents per Mcf for gas transported from SMI Block 66, to the Terrebonne point of delivery, and would not retain, initially, any of such gas to compensate for compressor fuel or line loss make-up.

Comment date: November 17, 1986, in accordance with Standard Paragraph F at the end of this notice.

Standard Paragraphs:

F. Any person desiring to be heard or make any protest with reference to said filing should on or before the comment date file with the Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, DC 20426, a motion to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214) and the Regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a motion to intervene in accordance with the Commission's Rules.

Take further notice that, pursuant to the authority contained in and subject to jurisdiction conferred upon the Federal Energy Regulatory Commission by sections 7 and 15 of the Natural Gas Act and the Commission's Rules of Practice and Procedure, a hearing will be held without further notice before the Commission or its designee on this filing if no motion to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that a grant of the certificate is required by the public convenience and necessity. If a motion for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for the applicant to appear or be represented at the hearing.

G. Any person or the Commission's staff may, within 45 days after the issuance of the instant notice by the Commission, file pursuant to Rule 214 of

the Commission's Procedural Rules (18 CFR 385.214) a motion to intervene or notice of intervention and pursuant to § 157.205 of the Regulations under the Natural Gas Act (18 CFR 157.205) a protest to the request. If no protest is filed within the time allowed therefor, the proposed activity shall be deemed to be authorized effective the day after the time allowed for filing a protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request shall be treated as an application for authorization pursuant to section 7 of the Natural Gas Act.

Kenneth F. Plumb,

Secretary.

[FR Doc. 86-24591 Filed 10-29-86; 8:45 am]

BILLING CODE 6717-01-M

EXPORT-IMPORT BANK OF THE UNITED STATES

Open Meeting of the Advisory Committee of the Export-Import Bank of the United States

Summary: The Advisory Committee was established by Pub. L. 98-181, November 30, 1983, to advise the Export-Import Bank on its programs and to provide comments for inclusion in the reports of the Export-Import Bank to the United States Congress.

Time and Place: Friday, November 14, 1986 from 9:30 a.m. to 12 noon. The meeting will be held in Room 1141, 811 Vermont Avenue, NW., Washington, DC. 20571.

Agenda: The meeting agenda will include a discussion of the following topics: Eximbank's Financial Report, Report on Legislation, Foreign Content, Lundine Data, Trade Finance Task Force Report, and a Marketing Presentation.

Public Participation: The meeting will be open to public participation; and the last 20 minutes will be set aside for oral questions or comments. Members of the public may also file written statement(s) before or after the meeting. In order to permit the Export-Import Bank to arrange suitable accommodations, members of the public who plan to attend the meeting should notify Joan P. Harris, Room 935, 811 Vermont Avenue, NW., Washington, DC 20571, (202) 566-8871, not later than November 10, 1986. If any person wishes auxiliary aids (such as a language interpreter) or other special accommodations, please contact prior to November 7, 1986 the Office of the Secretary, Room 935, 811 Vermont Avenue, NW., Washington, DC. 20571, Voice: (202) 566-8871 or TDD: (202) 535-3913.

Further information: For further information, contact Joan P. Harris, Room 935, 811 Vermont Avenue, NW., Washington, DC. 20571, (202) 566-8871.

Hart Fessenden,

General Counsel.

[FR Doc. 86-24596 Filed 10-29-86; 8:45 am]

BILLING CODE 6690-01-M

FEDERAL RESERVE SYSTEM

Agency Information Collection Activities Under OMB Review

October 24, 1986.

Background

On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act of 1980, as per 5 CFR 1320.9, "to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320.9." Board-approved collections of information will be incorporated into the official OMB inventory of currently approved collections of information. A copy of the SF 83 and supporting statement and the approved collection of information instrument(s) will be placed into OMB's public docket files. The following forms, which are being handled under this delegated authority, have received initial Board approval and are hereby published for comment. At the end of the comment period, the proposed information collection, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority.

DATE: Comments must be received on or before November 14, 1986.

ADDRESS: Comments which should refer to the OMB Docket number (or Agency form number in the case of a new information collection that has not yet been assigned an OMB number), should be addressed to Mr. William W. Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW., Washington, DC 20551, or delivered to room B-2223 between 8:45 a.m. and 5:15 p.m. Comments received may be inspected in room B-1122 between 8:45 a.m. and 5:15 p.m., except as provided in § 261.6(a) of the Board's Rules Regarding Availability of Information, 12 CFR 261.6(a).

A copy of the comments may also be submitted to the OMB desk officer for the Board: Robert Neal, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 3208, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: A copy of the proposed form, the request for clearance (SF 83), supporting statement, instructions, and other documents that will be placed into OMB's public docket files once approved may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer—Nancy Steele—Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202-452-3822)

Proposal to approve under OMB delegated authority the extension with revision of the following reports:

1. Report title: Annual Report of Foreign Banking Organizations; Foreign Banking Organization Confidential Report of Operations

Agency form number: FR Y-7; FR 2068
OMB Docket number: 7100-0125
Frequency: annual
Reporters: Foreign Banking Organizations
Small businesses are not affected.
General description of report:

This information collection is mandatory [12 U.S.C. 1844(c), 3106, 3108(a)] and parts are given confidential treatment [5 U.S.C. 552(b)(8)].

These annual reports request financial and structural information on foreign banking organizations in order to assess their ability to serve as a source of strength to their U.S. operations and to determine compliance with the BHC Act and the IBA.

Board of Governors of the Federal Reserve System, October 24, 1986.

William W. Wiles,

Secretary of the Board.

[FR Doc. 86-24519 Filed 10-29-86; 8:45 am]

BILLING CODE 6210-01-M

First Merchants Bancorp, Inc., et al.; Formations of; Acquisitions by; and Mergers of Bank Holding Companies

The companies listed in this notice have applied for the Board's approval under section 3 of the Bank Holding Company Act (12 U.S.C. 1842) and § 225.14 of the Board's Regulation Y (12 CFR 225.14) to become a bank holding company or to acquire a bank or bank holding company. The factors that are considered in acting on the applications are set forth in section 3(c) of the Act (12 U.S.C. 1842(c)).

Each application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank or to the offices of the Board of Governors. Any comment on an application that requests a hearing must include a statement of why a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute and summarizing the evidence that would be presented at a hearing.

Unless otherwise noted, comments regarding each of these applications must be received not later than November 20, 1986.

A. **Federal Reserve Bank of Richmond** (Lloyd W. Bostian, Jr., Vice President) 701 East Byrd Street, Richmond, Virginia 23261:

1. *First Merchants Bancorp, Inc.*, Montgomery, West Virginia; to become a bank holding company by acquiring 100 percent of the voting shares of The Merchants National Bank of Montgomery, Montgomery, West Virginia, and The Gauley National Bank, Gauley Bridge, West Virginia.

2. *Key Centurion Bancshares, Inc.*, Charleston, West Virginia; to acquire 100 percent of the voting shares of Nicholas County Bank, Summersville, West Virginia.

B. **Federal Reserve Bank of Chicago** (Franklin D. Dreyer, Vice President) 230 South LaSalle Street, Chicago, Illinois 60690:

1. *Stark County Bancorp, Inc.*, Toulon, Illinois; to become a bank holding company by acquiring 100 percent of the voting shares of State Bank of Toulon, Toulon, Illinois. Comments on this application must be received by November 17, 1986.

C. **Federal Reserve Bank of Kansas City** (Thomas M. Hoenig, Vice President) 925 Grand Avenue, Kansas City, Missouri 64198:

1. *Sunwest Financial Services, Inc.*, Albuquerque, New Mexico; to acquire, through its subsidiary, S.W. Financial, Inc., Albuquerque, New Mexico, the successor by merger with Rio Gande Bancshares, Inc., Las Cruces, New Mexico, and thereby indirectly acquire First National Bank of Dona Ana County, Las Cruces, New Mexico; First State Bank of Silver City, Silver City, New Mexico; and First National Bank of Chaves County, Roswell, New Mexico. These banks also are engaged in the sale of vendor's single interest insurance pursuant to state law. In connection with this application, S.W. Financial, Inc., has applied to become a bank holding company by acquiring Sunwest Bank of Grant County, Silver City, New Mexico; Sunwest Bank of Roswell, N.A., Roswell, New Mexico; and Sunwest Bank of Las Cruces, N.A., Las Cruces, New Mexico.

Board of Governors of the Federal Reserve System, October 24, 1986.

James McAfee,

Associate Secretary of the Board.

[FR Doc. 86-24520 Filed 10-29-86; 8:45 am]

BILLING CODE 6210-01-M

Norwest Financial, Inc.; Acquisition of Company Engaged in Permissible Nonbanking Activities

The organization listed in this notice has applied under § 225.23(a)(2) or (f) of the Board's Regulation Y (12 CFR 225.23(a)(2) or (f)) for the Board's approval under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and § 225.21(a) of Regulation Y (12 CFR 225.21(a)) to acquire or control voting securities or assets of a company engaged in a nonbanking activity that is listed in § 225.25 of Regulation Y as closely related to banking and permissible for bank holding companies. Unless otherwise noted, such activities will be conducted throughout the United States.

The application is available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether consummation of the proposal can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweight possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." Any request for a hearing on this question must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal.

Comments regarding the application must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than November 14, 1986.

A. **Federal Reserve Bank of Minneapolis** (James M. Lyon, Vice President) 250 Marquette Avenue, Minneapolis, Minnesota 55480:

1. *Norwest Financial, Inc.*, and Norwest Financial Services, Inc., both of Des Moines, Iowa; to continue to engage, directly of through their subsidiaries, in the activities of consumer finance; sales finance; commercial finance (including, but not limited to, accounts receivable financing, factoring and other secured lending activities); lease financing; the underwriting of credit life and credit accident and health insurance related to extensions of credit by Norwest Corporation of its subsidiaries; and the offering for sale and selling of bookkeeping, payroll and management financial report services, and data processing services, in the states of Alabama, Alaska, Arizona, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming; and to continue to engage directly or through their subsidiaries on a nationwide basis, in general insurance agency activities (subject to any state law restrictions) (such general insurance agency activities being permissible activities under section 4(c)(8)(G) of the Bank Holding Company Act of 1956); and in the activities of servicing loans and other extensions of credit for others; and making, acquiring or servicing loans and other extensions of credit of a type made by a mortgage company. Applicants also propose to continue to engage, directly or through their subsidiaries, in the activities of consumer finance; sales finance; commercial finance (including, but not limited to, accounts receivable financing, factoring, and other secured lending activities); less financing; and the offering for sale and the selling of bookkeeping, payroll and other management financial reporting services and data processing services in the state of New York pursuant to § 225.25(b)(1), (b)(5), (b)(7), and (b)(9) of the Board's Regulation Y.

Board of Governors of the Federal Reserve System. October 24, 1986.

James McAfee,

Associate Secretary of the Board.

[FR Doc. 86-24521 Filed 10-29-86; 8:45 am]

BILLING CODE 6210-01-M

PNC Financial Corp. et al.; Formations of, Acquisitions by, and Mergers of Bank Holding Companies; and Acquisitions of Nonbanking Companies

The companies listed in this notice have applied under § 225.14 of the Board's Regulation Y (12 CFR 225.14) for the Board's approval under section 3 of the Bank Holding Company Act (12 U.S.C. 1842) to become a bank holding company or to acquire voting securities of a bank or bank holding company. The listed companies have also applied under § 225.23(a)(2) of Regulation Y (12 CFR 225.23(a)(2)) for the Board's approval under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)) and section 225.21(a) of Regulation Y (12 CFR 225.21(a)) to acquire or control voting securities or assets of a company engaged in a nonbanking activity that is listed in § 225.25 of Regulation Y as closely related to banking and permissible for bank holding companies, or to engage in such an activity. Unless otherwise noted, these activities will be conducted throughout the United States.

The applications are available for immediate inspection at the Federal Reserve Bank indicated. Once the application has been accepted for processing, it will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether consummation of the proposal can "reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or grains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." Any request for a hearing on this question must be accompanied by a statement of the reasons a written presentation would not suffice in lieu of a hearing, identifying specifically any questions of fact that are in dispute, summarizing the evidence that would be presented at a hearing, and indicating how the party commenting would be aggrieved by approval of the proposal.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than November 19, 1986.

A. **Federal Reserve Bank of Cleveland** (John J. Wixted, Jr., Vice President) 1455 East Sixth Street, Cleveland, Ohio 44101:

1. *PNC Financial Corp.*, Pittsburgh, Pennsylvania; to acquire 100 percent of the voting shares of the successor by merger of Blue Grass Acquisition Corporation, Lexington, Kentucky, and Citizens Fidelity Corporation, Louisville, Kentucky, and thereby indirectly acquire Citizens Fidelity Bank and Trust Company, Louisville, Kentucky; Citizens Fidelity Bank and Trust Company, Lexington, Lexington, Kentucky; Citizens Fidelity Bank and Trust Company Hardin County, Elizabethtown, Kentucky; Citizens Fidelity Bank Winchester, Winchester, Kentucky; and Citizens Fidelity (Ohio), N.A., Cincinnati, Ohio. In connection with this application, Blue Grass Acquisition Corporation has applied to become a bank holding company.

In connection with this application, Applicants also propose to acquire CFC Financial Services, Inc., Louisville, Kentucky, and thereby engage in data processing and data transmission services for financial institutions and bank card merchants pursuant to § 225.25(b)(7) of the Board's Regulation Y; Citizens Fidelity Capital Markets, Inc., Louisville, Kentucky, and thereby engage in discount brokerage services and underwriting and dealing in government obligations and money market instruments pursuant to § 225.25(b) (15) and (16) of the Board's Regulation Y; Citizens Fidelity Leasing Corporation, Louisville, Kentucky, and thereby engage in leasing personal property pursuant to § 225.25(b)(5) of the Board's Regulation Y; and Citizens Fidelity (Ohio), N.A. Cincinnati, Ohio, and thereby engage in credit-card loans pursuant to § 225.25(b)(1) of the Board's Regulation Y.

Board of Governors of the Federal Reserve System, October 24, 1986.

James McAfee,

Associate Secretary of the Board.

[FR Doc. 86-24522 Filed 10-29-86; 8:45 am]

BILLING CODE 6210-01-M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

[OA-002-N]

Task Force on Long-Term Health Care Policies; Meeting

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: Notice of public meeting.

SUMMARY: In accordanc with section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463), this notice announces a meeting of the Task Force on Long-Term Health Care Insurance Policies.

DATE: The meeting will be held on November 13, 1986 from 1:00 p.m. to 5:00 p.m., and on November 14, 1986 from 8:00 a.m. to 3:00 p.m., e.s.t. The meeting will be open to the public.

ADDRESS: The Meeting will be held in the Stouffer's Concourse Hotel, 2399 Jefferson Davis Highway, Crystal City, Arlington, Virginia.

FOR FURTHER INFORMATION, CONTACT: Dennis DeWitt, 202-245-0063.

SUPPLEMENTRY INFORMATION:

Purpose

The Task Force on Long-Term Health Care Policies, established under section 9601 of the Consolidated Omnibus Budget Reconciliation Act of 1985, will evaluate current issues relating to private long-term care insurance. To ensure the evolution of sound private long-term care policies and to help foster consumer confidence in them, the Task Force will develop guidelines that can be used by State regulators, persons involved in the insurance industry, and consumers who may wish to purchase such policies.

The term "long-term health care policy" means an insurance policy, or similar health benefits plan, that is designed for or marketed as providing (or making payment for) health care services (such as nursing home care and home health care) or related services (which may include home and community-base services), or both, over an extended period of time.

The Task Force on Long-Term Health Care Policies will advise the Secretary of Health and Human Services and the Administrator of the Health Care Financing Administration concerning the development of insurance policies

for long-term care that are privately marketed to individuals or groups. The Task Force will develop recommendations for long-term health care policies, including recommendations designed to: (1) Limit marketing and agent abuse for those policies; (2) Assure the dissemination of information to consumers necessary to permit informed choice in purchasing the policies and to reduce the purchase of unnecessary or duplicative coverge; (3) Assure that benefits provided under the policies are reasonable in relationship to premiums charged; and (4) promote the development and availability of long-term health care policies that meet these recommendations.

Agenda

Agenda items for the meeting will include panel and full Task Force discussion on why consumers do not buy long-term care insurance involving researchers, insurers, providers, and consumer interest advocates in the field of long-term care, and discussions of subjects and issues to be addressed at the next meeting.

Agenda items are subject to change as priorities dictate.

(Sec. 10 (a)(2) of Pub. L. 92-463, as amended (5 U.S.C. App. I, Sec. 1-15))

Dated October 27, 1986.

William Rice,

Administrator, Health Care Financing Administration.

[FR Doc. 86-24597 Filed 10-29-86; 8:45 am]

BILLING CODE 4120-01-M

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[WY-030-07-4351-12]

Wildlife and Recreation action; Emergency Off-Road Vehicle Closure Order; Rawlins District, Wyoming

SUMMARY: The Rawlings District, Bureau of Land Management hereby gives notice that all motorized traffic is prohibited in the Encampment River Canyon Area from December 1 through April 30. A map is available from the Medicine Bow Resource Area delineating the closed area and access roads that will remain open.

DATE: This order is effective on December 1, 1986.

SUPPLEMENTARY INFORMATION: The purpose of this motorized closure is to reduce stress on wildlife wintering in the canyon area.

FOR FURTHER INFORMATION CONTACT: Medicine Bow Resource Area, Area Manager, P.O. Box 670, Rawlins, Wyoming 82301. (307) 324-4841.

The following described public lands are affected by this order:

The Encampment Canyon Area

T. 14 N., R. 83 W., 6th P.M., Carbon County, Wyoming
- Sec. 7, Lots 3, 4;
- Sec. 18, Lots 1-4, SE¼NW¼, E½SW¼;
- Sec. 19, Lots 1, 2, 3 (All public lands located west of Carbon County Rd. 221), W½NE¼, E½NW¼, SE¼SW¼, SW¼SE¼;
- Sec. 30, All public lands located west of Carbon County Rd. 221;
- Sec. 31, All public lands located south and west of Carbon County Rd. 221;

T. 14 N., R. 84 W., 6th P.M., Carbon County, Wyoming
- Sec. 12, Lots 1, 2 (All Public land within these lots), SE¼SW¼, W½SW¼SE¼, SE¼SW¼SE¼;
- Sec. 13, Lots 1, 2, W½NE¼, NW¼, W½SW¼SE¼;
- Sec. 14, E½E½, SW¼SE¼;
- Sec. 22, All public lands located east and south of Carbon County Rd. 353 and Water Valley Road;
- Sec. 23, All;
- Sec. 24, Lots 1-3, 5-9, 13-20, SW¼NE¼, S½NW¼, SW¼, W½SE¼;
- Sec. 25 and 26, All;
- Sec. 27 and 28, All public lands located east of Water Valley Road;
- Sec. 34 and 35, All public lands located north of Water Valley Road.

The authority for this limitation is 43 CFR 8341.2. The limitation will remain in effect until off-road vehicle designations for the Medicine Bow Resource Area are implemented.

Richard Bastin,

District Manager.

[FR Doc. 86-24516 Filed 10-29-86; 8:45 am]

BILLING CODE 4310-22-M

[Alaska AA-48378-AG]

Proposed Reinstatement of a Terminated Oil and Gas Lease

In accordance with Title IV of the Federal Oil and Gas Royalty Management Act (Pub. L. 97-451), a petition for reinstatement of oil and gas lease AA-48378-AG has been received covering the following lands:

Copper River Meridian, Alaska

T. 10 N., R. 9 W.,
- Sec. 7, E½SW¼.

(80 acres).

The proposed reinstatement of the lease would be under the same terms and conditions of the original lease, except the rental will be increased to $5 per acre per year, and royalty increased to 16⅔ percent. The $500 administrative fee and the cost of publishing this Notice have been paid. The required rentals and royalties accruing from February 1, 1985, the date of termination, have been paid.

Having met all the requirements for reinstatement of lease AA-48378-AG as set out in section 31 (d) and (e) of the Mineral Leasing Act of 1920 (30 U.S.C. 188), the Bureau of Land Management is proposing to reinstate the lease, effective February 1, 1985, subject to the terms and conditions cited above.

Dated: October 23, 1986.

Kay F. Kletka,

Acting Chief, Branch of Mineral Adjudication.

[FR Doc. 86-24524 Filed 10-29-86; 8:45 am]

BILLING CODE 4310-32-M

[AA-55589]

Issuance of Recordable Disclaimer of Interest; St. George Island, AK

AGENCY: Bureau of Land Management, Alaska State Office Interior.

ACTION: Notice of proposed issuance of recordable disclaimer of interest for lands on St. George, Island, Alaska.

DATE: Comments should be received by January 28, 1987.

ADDRESS: Comments should be sent to: Deputy State Director for Conveyance Management, Alaska State Office, Bureau of Land Management 701 C Street, Box 13, Anchorage, Alaska 99513.

FOR FURTHER INFORMATION CONTACT: Barbara Yoppke, Alaska, State Office (907) 271-5080.

SUMMARY: Pursuant to section 315 of the Federal Land Policy and Management Act of 1976 43 U.S.C. 1745, a request has been made by the St. George Tanaq Corporation, for issuance of a recordable disclaimer of interest by the United States, affecting the following described land:

Beginning at a point at the line of mean high tide, from which AP No. 3 Tract 48, T. 42 S., R. 130 W., Seward Meridian, Alaska, bears S. 56 °46'E., 4.96 chains.

Thence with a traverse along mean high tide southeasterly,

S. 42°56' E., 7.36 chains
S. 35°27' E., 3.34 chains
S. 34°49' E., 4.48 chains
S. 30°13' E., 14.68 chains
S. 17°01' E., 4.22 chains
S. 27°49' E., 4.32 chains

N. 62°11' E., 2.27 chains. At end of course, at a point 150 feet from previous point, and offset perpendicular to previous course, thence with a traverse parallel to the bluff, offset 150 feet.

N. 27°49' W., 4.11 chains
N. 17°01' W., 4.27 chains
N. 30°13' W., 15.05 chains
N. 34°49' W., 4.35 chains
N. 24°41' W., 4.53 chains
N. 38°55' W., 1.70 chains
N. 28°36' W., 0.20 chains
N. 53°25' W., 1.36 chains
N. 1°44' W., 0.56 chains
N. 32°20' W., 1.57 chains
N. 80°11' W., 1.06 chains

S. 62°11' W., 3.26 chains. At end of course point of beginning.

Containing 9.60 acres.

1. The Bureau of Land Management has reviewed the official records and has determined that the United States has no claim to or interest in the above described lands and that the issuance of a recordable disclaimer of interest will help to remove a cloud on the title to the land.

2. For a period of 90 days from the date of publication of this notice, all persons who wish to submit comments, suggestions or objections in connection with the proposed disclaimer may present their views of writing to the Deputy State Director for Conveyance Management, in the Alaska State Office.

3. Accordingly, the recordable disclaimer of interest will be issued no sooner than ninety days after the date of this publication.

Ann Johnson,

Chief, Branch of ANCSA Adjudication.

[FR Doc. 86-24527 Filed 10-29-86; 8:45 am]

BILLING CODE 4310-JA-M

[AZ-940-07-4212-14; A-20241]

Conveyance of Public Land in Cochise County, AZ

Notice is hereby given that pursuant to sections 203 and 209 of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2750, 2757; 43 U.S.C. 1713, 1719), Apache Powder Company has purchased, by non-competitive direct sale, at the fair market value of $66,450, public land in Cochise County, Arizona, described as:

Gila and Salt River Meridian, Arizona

T. 18 S., R. 21 E.,
Sec. 6, lot 7, SE¼SW¼.

The area described aggregates 78.14 acres, according to the official plats of surveys of said land, on file in the Bureau of Land Management.

The purpose of this notice is to inform the public and interested State and local government officials of the issuance of the patent to the above-named patentee.

John T. Mezes,

Chief, Branch of Lands and Minerals Operations.

[FR Doc. 86-24514 Filed 10-29-86; 8:45 am]

BILLING CODE 4310-32-M

[AZ-940-07-4212-12; A-20347-A]

Conveyance of Public Land; Reconveyed Land Opened to Entry in Graham and Greenlee Counties, AZ

Notice is hereby given that the following described land has been transferred out of Federal ownership pursuant to section 206 of the Act of October 21, 1976, 90 Stat. 2756, 43 U.S.C. 1716, in exchange for State-owned land. The exchange was made based on approximately equal value.

1. The Federal land transferred to the State is described as follows:

Gila and Salt River Meridian, Arizona

T. 4 S., R. 30 E.,
Sec. 33, lots 4 and 5.
T. 5 S., R. 30 E.,
Sec. 1, lots 1–4, incl., S½N½, S½;
Sec. 3, lots 1–4, incl., S½N½, S½;
Sec. 4, lots 1, 2, 5–10, incl., S½NE¼, SW¼SW¼, SE¼;
Sec. 5, lots 1–4, incl., SE¼NE¼, SW¼NW¼, W½SW¼, SE¼SW¼, SE¼;
Sec. 8, NW¼, NE¼SW¼;
Sec. 10, E½.
T. 5 S., R. 31 E.,
Sec. 7, S½NE¼.
T. 8 S., R. 29 E.,
Sec. 22, S½N½, S½;
Sec. 23, S½N½, S½;
Sec. 24, S½N½, S½;
Sec. 25, all;
Sec. 26, all;
Sec. 27, all;
Sec. 34, all;
Sec. 35, all.
T. 8 S., R. 30 E.,
Sec. 20, S½SW¼, SW¼SE¼;
Sec. 27, SW¼SW¼;
Sec. 30, lots 1–4, incl., E½W½, SE¼.
T. 9 S., R. 29 E.,
Sec. 4, lot 1, SE¼NE¼, E½SE¼;
Sec. 9, all;
Sec. 21, N½.
T. 9 S., R. 30 E.,
Sec. 1, SW¼NW¼, SW¼, S½SE¼;
Sec. 12, all;
Sec. 13, all;
Sec. 14, all;
Sec. 23, all;
Sec. 24, all;
Sec. 25, all;
Sec. 26, all;
Sec. 35, all.
T. 9 S., R. 31 E.,
Sec. 7, lots 1–4, incl.;
Sec. 18, lots 1–4, incl., E½W½;
Sec. 19, lots 1–4, incl., W½NE¼, E½W½, NW¼SE¼;
Sec. 30, lots 1–4, incl.;
Sec. 31, lots 1 and 4.
T. 10 S., R. 29 E.,
Sec. 1, lots 1–4, incl., S½N½, S½;
Sec. 2, lots 1–4, incl., S½N½, S½;
Sec. 3, SE¼;
Sec. 10, all;
Sec. 11, all;
Sec. 12, all;
Sec. 13, N½;
Sec. 14, N½, SW¼;
Sec. 15, E½;
Sec. 23, W½;
Sec. 25, all;
Sec. 26, all;
Sec. 34, SE¼;
Sec. 35, all;
Sec. 36, lots 1–4, incl., W½E½, NW¼, N½SW¼.
T. 10 S., R. 30 E.,
Sec. 11, all;
Sec. 13, SE¼NE¼, NW¼, NW¼SW¼, E½SE¼;
Sec. 14, all;
Sec. 22, S½S½;
Sec. 23, all;
Sec. 24, N½N½, SW¼NW¼, W½SW¼;
Sec. 26, N½N½, SW¼NW¼, SW¼;
Sec. 27, NW¼.
T. 10 S., R. 31 E.,
Sec. 6, lots 4–7, incl., E½SW¼;
Sec. 7, lots 1–4, incl., E½W½;
Sec. 18, lots 1 and 2.
T. 11 S., R. 31 E.,
Sec. 6, lots 3 and 4.

The areas described comprise 24,087.27 acres in Graham County and 3,253.45 acres in Greenlee County.

The purpose of this Notice is to inform interested public, State and local government officials of the transfer of Federal land and acquisition of State land by the Federal Government.

2. The State-owned land reconveyed to the United States is described as follows:

Gila and Salt River Meridian, Arizona

T. 5 S., R. 29 E.,
Sec. 27, SW¼SE¼;
Sec. 28, SW¼, W½SE¼, SE¼SE¼;
Sec. 34, NW¼NE¼, S½NE¼, NW¼;
Sec. 35, S½N½;
Sec. 36, NW¼NW¼.
T. 5 S., R. 30 E.,
Sec. 8, SE¼SW¼;
Sec. 17, W½, W½E½, SE¼SE¼;
Sec. 18, lots 3, 4, E½SW¼, SE¼;
Sec. 19, lots 1–3, incl., E½, E½NW¼, NE¼SW¼;
Sec. 20, all;
Sec. 21, all;
Sec. 28, N½, N½S½;
Sec. 29, NE¼, N½NW¼;
Sec. 32, NE¼, N½SE¼.
T. 6 S., R. 28 E.,
Sec. 16, N½NW¼.
T. 7 S., R. 27 E.,
Sec. 26, SW¼ (U.S. Minerals);
Sec. 27, S½NE¼, SE¼NW¼ (U.S. Minerals);
Sec. 35, all;
Sec. 36, S½NW¼, S½.
T. 8 S., R. 27 E.,
Sec. 4, SE¼ (U.S. Minerals);
Sec. 23, SE¼;
Sec. 24, S½;
Sec. 25, N½;
Sec. 26, NE¼;
Sec. 31, lots, 1—4, incl., E½W½, E½ (U.S. Minerals);
Sec. 32, all.
T. 8 S., R. 28 E.,
Sec. 19, lots 3 and 4, E½SW¼, SE¼;
Sec. 20, S½;
Sec. 21, S½;
Sec. 22, SW¼;
Sec. 27, NW¼;
Sec. 28, N½;
Sec. 29, N½;
Sec. 30, lots 1 and 2, E½NW¼, NE¼.
T. 8 S., R. 29 E.,
Sec. 2, lots 1—4, incl., S½N½, S½;
Sec. 33, all (U.S. Minerals).
T. 9 S., R. 27 E.,
Sec. 6, lots 1—7, incl., S½NE¼, SE¼NW¼, E½SW¼, SE¼;

Sec. 7, lots 1–4, incl., E½W½;
Sec. 10, E½E½;
Sec. 11, W½;
Sec. 14, NW¼;
Sec. 15, NE¼;
Sec. 18, lots 1—4, incl., E½W½ (U.S. Minerals);
Sec. 26, N½NE¼;
Sec. 31, lots 1 and 2, E½NW¼;
Sec. 34, S½SE¼.
T. 9 S., R. 28 E.,
Sec. 12, all (U.S. Minerals);
Sec. 13, all (U.S. Minerals);
Sec. 24, all (U.S. Minerals);
Sec. 31, lots 1—4, incl., E½W½, E½;
Sec. 32, all.
T. 9 S., R. 29 E.,
Sec. 5 lots 1—4, incl., S½N½, S½ (U.S. Minerals);
Sec. 6, lots 1—7, incl., S½NE¼, SE¼NW¼, E½SW¼, SE¼ (U.S. Minerals);
Sec. 7, lots 1—4, incl., E½, E½W½ (U.S. Minerals);
Sec. 18, lots 1—4, incl., E½, E½W½ (U.S. Minerals);
Sec. 19, lots 1—4, incl., E½, E½W½ (U.S. Minerals);
Sec. 30, lots 1—4, incl., E½, E½W½ (U.S. Minerals);
Sec. 31, lots 1—4, incl., E½, E½W½.
T. 10 S., R. 28 E.,
Sec. 22, S½S½ (U.S. Minerals);
Sec. 23, S½SW¼, SW¼SE¼ (U.S. Minerals);
Sec. 25, S½ (U.S. Minerals);
Sec. 26, W½NE¼, NW¼, N½SW¼, SE¼ (U.S. Minerals);
Sec. 27, NE¼, N½NW¼, NE¼SE¼, (U.S. Minerals);
Sec. 35, N½NE¼, SE¼NE¼ (U.S. Minerals);

At 9:00 a.m. on December 1, 1986, the reconveyed land described above will be open to location and entry under the United States mining laws. Appropriation under the general mining laws prior to the date and time of restoration is unauthorized. Any such attempted appropriation, including attempted adverse possession under 30 U.S.C. 38, shall vest no rights against the United States. Acts required to establish a location and to initiate a right of possession are governed by State law where not in conflict with Federal laws. The Bureau of Land Management will not intervene in disputes between rival locators over possessory rights since Congress has provided for such determinations in local courts.

At 9:00 a.m. on December 1, 1986, the reconveyed land described above will be open to operation of the public land laws generally, and mineral leasing laws, subject to valid existing rights and the requirements of applicable law. All valid applications received at or prior to 9:00 a.m. on December 1, 1986, will be considered as simultaneously filed at that time. Those received thereafter shall be considered in the order of filing.

3. The mineral estate in the following described land is already in Federal ownership and has been and will remain open to the operation of the mining and mineral leasing laws:

Gila and Salt River Meridian, Arizona

T. 7 S., R. 27 E.,
Sec. 26, SW¼;
Sec. 27, S½NE¼, SE¼NW¼.
T. 8 S., R. 27 E.,
Sec. 4, SE¼;
Sec. 31, lots 1—4, incl., E½W½, E½.
T. 8 S., R. 29 E.,
Sec. 33, all.
T. 9 S., R. 27 E.,
Sec. 18, lots 1—4, incl., E½W½.
T. 9 S., R. 28 E.,
Sec. 12, all;
Sec. 13, all;
Sec. 24, all.
T. 9 S., R. 29 E.,
Sec. 5, lots 1—4, incl., S½N½, S½;
Sec. 6, lots 1—7, incl., S½NE¼, SE¼NW¼, E½SW¼, SE¼;
Sec. 7, lots 1—4, incl., E½, E½W½;
Sec. 18, lots 1—4, incl., E½, E½W½;
Sec. 19, lots 1—4, incl., E½, E½W½;
Sec. 30, lots 1—4, incl., E½, E½W½.
T. 10 S., R. 28 E.,
Sec. 22, S½S½;
Sec. 23, S½SW¼, SW¼SE¼;
Sec. 25, S½;
Sec. 26, W½NE¼, NW¼, N½SW¼, SE¼;
Sec. 27, NE¼, N½NW¼, NE¼SE¼;
Sec. 35, N½NE¼, SE¼NE¼.

The following described reconveyed land will remain closed to the operation of the public land laws, mining and mineral leasing laws in order to protect their wilderness characteristics.

T. 9 S., R. 28 E.,
Sec. 36, SW¼NE¼.
T. 10 S., R. 28 E.,
Sec. 36, all.

The reconveyed land comprises 19,730.26 acres in Graham County and 4,456.05 acres in Greenlee County.

John T. Mezes,
Chief, Branch of Lands and Minerals Operations.

[FR Doc. 86–24515 Filed 10–29–86; 8:45 am]
BILLING CODE 4310–32–M

[CA–060–07–4211–07–NCBG; CA 18882]

Exchange of Public and Private Lands; Imperial and Riverside Counties, CA

AGENCY: Bureau of Land Management, Interior.

Amendment: Notice of Realty Action CA–18882.

In **Federal Register**/Vol. 51 No. 137 Page 25952, published Thursday, July 17, 1986, add the following paragraph:

Excepting and reserving to the United States and the Holders of mining claims; CAMC–147931, CAMC–147933, CAMC–162197, CAMC–162200, CAMC–37692 and CAMC–37693, the rights under the mining laws of the United States, 30 U.S.C. 21, et seq. including the requirements of Section 314 of the Federal Land Policy and Management Act (43 U.S.C. 1744) within the and subject to the Classification and Multiple-use Act Withdrawal number R–702.

DATE: For a period of 45 days from the date of publication of this notice in the **Federal Register**, interesed parties may submit comments to the District Manager, California Desert District Office, Bureau of Land Management at 1695 Spruce Street, Riverside, California, 92507. Objections will be reviewed by the State Director, who may sustain, vacate, or modify this realty action. In the absence of any objections, this realty action will become the final determination of the Department of Interior.

Dated: October 23, 1986.

H.W. Riecken,
Acting District Manager.

[FR Doc. 86–24526 Filed 10–29–86; 8:45 am]
BILLING CODE 4310–40–M

Realty Action; Non-Competitive Sale of Public Lands in Jackson County, OR

The following described land is suitable for sale under section 203 (and 209) of the Federal Land Policy and Management Act of 1976, 43 U.S.C. 1713 (and 1719), at no less than the appraised fair market value.

Willamette Meridian

T. 34 S., R. 3 W.,
Sec. 25, Lot 2, Jackson County, Oregon.

The above described land is hereby segregated from appropriation under the public land laws, including the mining laws, but not from sale under the above cited statute.

No significant resource values will be affected by this disposal. The sale is consistent with BLM's planning for the land involved and the public interest will be served by offering this land for sale.

Direct sale procedures are being used since a competitive sale is not appropriate and the public interest would best served by the direct sale because it would resolve a nonwillful unauthorized occupancy. Direct sale would recognize the existing improvement and avoid any unnecessary hardship on the owner.

The parcel identified by Serial No. OR 39911 is being offered to Robert and Penny Gilkey using direct sale procedures authorized under 43 CFR 2711.3–3. The land will be sold at fair market value to Robert and Penny Gilkey without competitive bidding. The prospective purchaser is required to render a minimum deposit of twenty

percent (20%) of the purchase price sixty (60) days after publication of this Notice, and the balance within 180 days of the sale date. If the deposit is not submitted or the full purchase price not rendered within 180 days of the sale date, the preference right is cancelled, the deposit will be forfeited, and the parcel will not be sold.

Terms and Conditions of the Sale

The terms, conditions, and reservations applicable to the sale are as follows:

1. The mineral interests being offered for conveyance have no known mineral value. The sale will also constitute an application for conveyance of the mineral estate in accordance with section 209 of the Federal Land Policy and Management Act, 43 U.S.C. 1719. The purchasers must include with their bid deposit a non refundable $50.00 filing fee for the conveyance of the mineral estate.

2. Rights-of-way for ditches and canals will be reserved to the United States under 43 U.S.C. 945.

3. Patents will be issued subject to all valid existing rights and reservations of records.

4. The BLM may accept or reject any and all offers, or withdraw any land or interest in land from sale if, in the opinion of the authorized officer, consummation of the sale would not be fully consistent with the Federal Land Policy and Management Act or other applicable laws.

Comments

For a period of 45 days from the date of publication of this notice in the **Federal Register**, interested parties may submit comments to the District Manager, Bureau of Land Management, Medford District, 3040 Biddle Road, Medford, Oregon 97504. Objections will be reviewed by the State Director who may sustain, vacate, or modity this realty action. In the absence of any objections, this realty action will become the final determination of the Department of the Interior.

Dated: October 15, 1986.

David A. Jones,

District Manager.

[FR Doc. 86-24369 Filed 10-29-86; 8:45 am]

BILLING CODE 4310-33-M

[WY-920-06-4990-11-6001; W-95530]

Proposed Reinstatement of Terminated Oil and Gas Lease

Pursuant to the provisions of Pub. L. 97-451, 96 Stat. 2462-2466, and Regulation 43 CFR 3108.2-3 (a) and (b)(1), a petition for reinstatement of oil and gas lease W-95530 for lands in Campbell County, Wyoming was timely filed and was accompanied by all the required rentals accruing from the date of termination.

The lessee has agreed to the amended lease terms for rentals and royalties at rates of $12 per acre, or fraction thereof, per year and 18⅔ percent, respectively.

The lessee has paid the required $500 administrative fee and $106.25 to reimburse the Department for the cost of this **Federal Register** notice. The lessee has met all the requirements for reinstatement of the lease as set out in section 31 (d) and (e) of the Mineral Lands Leasing Act of 1920 (30 U.S.C. 188), and the Bureau of Land Management is proposing to reinstate lease W-95530 effective July 1, 1986, subject to the original terms and conditions of the lease and the increased rental and royalty rates cited above.

Andrew L. Tarshis,

Chief, Leasing Section.

[FR Doc. 86-24513 Filed 10-29-86; 8:45 am]

BILLING CODE 4310-22-M

[ID-943-07-4220-11; I-14975]

Idaho; Proposed Continuation of Withdrawal

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice.

SUMMARY: The Forest Service, Department of Agriculture proposes a 80.00 acre withdrawal for the Wright Creek Administrative Site, continue for an additional 10 years, which is the anticipated life of the project. These lands will remain closed to surface entry and mining, but have been and will remain open to the mineral leasing.

DATE: Comments should be received within 90 days of the date of publication of this notice.

ADDRESS: Comments should be sent to: Idaho State Director, Bureau of Land Management, 3380 Americana Terrace, Boise, ID 83706.

FOR FURTHER INFORMATION CONTACT: Larry R. Lievsay, Idaho State Office, 208-334-1735.

The Forest Service proposes that the existing land withdrawal made by Secretarial Order of June 29, 1906, be continued for a period of 10 years pursuant to section 204 of the Federal Land Policy and Management Act of 1976, 90 Stat. 2751; 43 U.S.C. 1714. The land is described as follows:

Boise Meridian, Idaho

T. 11 S., R. 35 E.,
Sec. 34, S½ SE¼.

The land described above aggregates 80.00 acres in Oneida County.

The withdrawal is essential for protection of substantial capital improvements on the Administrative Site. The withdrawal closed the land to surface entry and mining but not mineral leasing. No change in the segregative effect or use of the land is proposed by this action.

For a period of 90 days from the date of publication of this notice, all persons who wish to submit comments in connection with the proposed withdrawal continuation may present their views in writing to the Idaho State Director at the above address.

The authorized officer of the Bureau of Land Management will undertake such investigations as are necessary to determine the existing and potential demand for the land and its resources. A report will also be prepared for consideration by the Secretary of the Interior, the President and Congress, who will determine whether or not the withdrawal will be continued, and if so, for how long. The final determination of the withdrawal will be published in the **Federal Register**. The existing withdrawal will continue until such final determination is made.

Dated: October 21, 1986.

William E. Ireland,

Chief, Realty Operations Section.

[FR Doc. 86-24525 Filed 10-29-86; 8:45 am]

BILLING CODE 4310-GG-M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-249]

Certain Aircraft Carbon Disc Brakes and Replacement Carbon Discs; Initial Determination Terminating Respondent on the Basis of Settlement Agreement

AGENCY: International Trade Commission.

ACTION: Notice is hereby given that the Commission has received an initial determination from the presiding officer in the above-captioned investigation terminating the following respondent on

the basis of a settlement agreement: Dunlop Ltd. and BTR plc (Dunlop).

SUPPLEMENTARY INFORMATION: This investigation is being conducted pursuant to section 337 of the Tariff Act of 1930 (19 U.S.C. 1337). Under the Commission's rules, the presiding officer's initial determination will become the determination of the Commission thirty (30) days after the date of its service upon the parties, unless the Commission orders review of the initial determination. The initial determination in this matter was served upon the parties on October 27, 1986.

Copies of the initial determination, the settlement agreement, and all other nonconfidential documents filed in connection with this investigation are available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 701 E Street NW., Washington, DC 20436, telephone 202–523–0161. Hearing impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–724–0002.

Written Comments

Interested persons may file written comments with the Commission concerning termination of the aforementioned respondent. The original and 14 copies of all such comments must be filed with the Secretary to the Commission, 701 E Street, NW., Washington, DC 20436, no later than 10 days after publication of this notice in the **Federal Register.** Any person desiring to submit a document (or portion thereof) to the Commission in confidence must request confidential treatment. Such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why confidential treatment should be granted. The Commission will either accept the submission in confidence or return it.

FOR FURTHER INFORMATION CONTACT: Ruby J. Dionne, Office of the Secretary, U.S. International Trade Commission, telephone 202–523–0176.

Issued: October 27, 1986.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 86–24537 Filed 10–29–86; 8:45 am]

BILLING CODE 7020–02–M

INTERSTATE COMMERCE COMMISSION

[Finance Docket No. 30924]

CSX Transportation, Inc.; Trackage Rights Exemption; Baltimore and Ohio Chicago Terminal Railroad Co.; Exemption

The Baltimore and Ohio Chicago Terminal Railroad Company will agree to grant local trackage rights to CSX Transportation, Inc. over a line of railroad between Dolton, IL, and 51st Street in Chicago, IL, a distance of approximately 16.5 miles. The trackage rights will be effective October 19, 1986.

As a condition to use of this exemption any employee affected by the trackage rights will be protected pursuant to *Norfolk and Western Ry. Co.—Trackage Rights–BN,* 354 I.C.C. 605 (1978), as modified in *Mendocino Coast Ry., Inc.—Lease and Operate,* 360 I.C.C. 653 (1980).

This notice is filed under 49 CFR 1180.2(d)(3) and (7). Petitions to revoke the exemption under 49 U.S.C. 10505(d) may be filed at any time. The filing of a petition to revoke will not stay the transaction.

Dated: October 23, 1986.

By the Commission, Jane F. Mackall, Director, Office of Proceedings.

Noreta R. McGee,

Secretary.

[FR Doc. 86–24551 Filed 10–29–86; 8:45 am]

BILLING CODE 7035–01–M

[Finance Docket No. 309214]

Soo Line Railroad Co.; Trackage Rights; Green Bay and Western Railroad Co.; Exemption

Green Bay and Western Railroad Company has agreed to grant overhead trackage rights to Soo Line Railroad Company between GBW Mile Post 23.73 at Black Creek, WI and GBW Mile Post 1.39 at Green Bay, WI, a distance of approximately 22.35 miles. The trackage rights were scheduled to be effective on October 16, 1986.

This notice is filed under 49 CFR 1180.2(d)(7). Petitions to revoke the exemption under 49 U.S.C. 10505(d) may be filed at any time. The filing of a petition to revoke will not stay the transaction.

As a condition to use of this exemption any employees affected by the trackage rights will be protected pursuant to *Norfolk and Western Ry. Co.—Trackage Rights–BN,* 354 I.C.C. 605 (1978), as modified in *Mendocino Coast Ry., Inc.—Lease and Operate,* 360 I.C.C. 653 (1980).

Decided: October 21, 1986.

By the Commission, Jane F. Mackall, Director, Office of Proceedings.

Noreta R. McGee,

Secretary.

[FR Doc. 86–24553 Filed 10–29–86; 8:45 am]

BILLING CODE 7035–01–M

[Finance Docket No. 30800]

Union Pacific Corp., Union Pacific Railroad Co. and Missouri Pacific Railroad Co., Control, Missouri-Kansas-Texas Railroad Co.

AGENCY: Interstate Commerce Commission.

ACTION: Request for comments.

SUMMARY: Applicants in this rail consolidation proceeding have filed a petition requesting the Commission to adopt an expedited procedural schedule. Under that schedule, the record would be closed and oral argument would be completed within approximately 9 months after the application is filed on or about November 14, 1986. Prior to adoption of any procedural schedule, the Commission is seeking comments from interested parties as to the merits of the proposed schedule.

In addition, the Commission requests comments from applicants addressing the financial and competitive impacts of Union Pacific Corporation's notice of intent to acquire, through stock ownership, Overnite Transportation Co.

DATES: Comments on applicants' proposed schedule must be submitted by November 18, 1986. Applicants' comments are due on or before November 28, 1986.

ADDRESSES: An original and 15 copies of comments should be sent to: Office of the Secretary, Case Control Branch, Interstate Commerce Commission, Washington, DC 20423.

FOR FURTHER INFORMATION CONTACT:

Paul Nishimoto, (202) 275–7949

or

Joseph H. Dettmar, (202) 275–7245

SUPPLEMENTARY INFORMATION: Additional information is contained in the Commission's decision. To purchase a copy of the full decision, write to T.S. InfoSystems, Inc., Room 2229, Interstate Commerce Commission Building, Washington, DC 20423, or call 289–4357 (DC Metropolitan area) or toll free (800) 424–5403.

Decided: October 22, 1986.

By the Commission, Chairman Gradison, Vice Chairman Simmons, Commissioners Sterrett, Andre, and Lamboley. Vice Chairman Simmons and Commissioner

Lamboley commented with separate expressions.

Noreta R. McGee,

Secretary.

[FR Doc. 86-24552 Filed 10-29-86; 8:45 am]

BILLING CODE 7035-01-M

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[Notice 86-79]

NASA Advisory Council, Aeronautics Advisory Committee (AAC), Ad Hoc Review Team on General Aviation; Meeting

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, Pub. L. 92-463, as amended, the National Aeronautics and Space Administration announces a forthcoming meeting of the NASA Advisory Council, Aeronautics Advisory Committee, Ad Hoc Review Team on General Aviation.

DATE AND TIME: November 24, 1986, 8:00 a.m. to 5 p.m.; November 25, 1986, 8:30 a.m. to 12:30 p.m.

ADDRESS: Beech Aircraft Company, 9709 East Central, Room 2, Wichita, KS.

FURTHER INFORMATION CONTACT: Mr. Louis J. Williams, Office of Aeronautics and Space Technology, National Aeronautics and Space Administration, Washington, DC 20546, (202) 453-2812.

SUPPLEMENTARY INFORMATION: The NAC Aeronautics Advisory Committee was established to provide overall guidance and direction to the aeronautics research and technology activities in the Office of Aeronautics Space Technology (OAST). Special ad hoc review teams are formed to addresss specific topics. This Ad Hoc Review Team on General Aviation, chaired by Mr. John Olcott, is comprised of 10 members. The meeting will be open to the public up to the seating capacity of the room (approximately 20 persons including the team members and other participants). The team will determine the technology needs of the general aviation industry, and where the major technology advances should be in the next decade.

Type of Meeting: Open.

Agenda

November 24, 1986

8 a.m.—Opening Remarks.

9 a.m.—Briefings by Beech Aircraft Company.

2 p.m.—Briefings by Cessna Aircraft Company.

5 p.m.—Adjourn.

November 25, 1986

8-30 a.m.—Briefings by Gates Learjet Company.

11 a.m.—Assignment of Specific Tasks to Team Members.

12:30 p.m.—Adjourn.

Dated: October 23, 1986.

Richard L. Daniels,

Advisory Committee Management Officer, National Aeronautics and Space Administration.

[FR Doc. 86-24499 Filed 10-29-8-45 am]

BILLING CODE 7510-01-M

NUCLEAR REGULATORY COMMISSION

Documents Containing Reporting or Recordkeeping Requirements: Office of Management and Budget Review

AGENCY: Nuclear Regulatory Commission.

ACTION: Notice of the Office of Management and Budget review of information collection.

SUMMARY: The Nuclear Regulatory Commission has recently submitted to the Office of Management and Budget (OMB) for review the following proposal for the collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35).

1. Type of submission, new, revision, or extension: Extension.

2. The title of the information collection: 10 CFR Part 33—Specific Domestic Licenses of Broad Scope for Byproduct Material.

3. The form number if applicable: Not applicable.

4. How often the collection is required: New applications may be submitted at any time. Renewal applications are submitted every five years.

5. Who will be required or asked to report: Persons desiring an NRC license for broad scope use of radioactive byproduct material. Applicants and licensees are primarily medical institutions, colleges, universities, government agencies, and large private companies engaged in broad educational, research, and development activities.

6. An estimate of the number of responses: 120.

7. An estimate of the total number of hours needed to complete the requirement or request: 20 hours per submittal.

8. An indication of whether section 3504(h), Pub. L. 96-511 applies: Not applicable.

9. Abstract: 10 CFR Part 33 specifies requirements for applying for and being granted licenses autorizing broad scope use of radioactive byproduct material.

Copies of the submittal may be inspected or obtained for a fee from the NRC Public Document Room, 1717 H Street, NW., Washington, DC 20555.

Comments and questions should be directed to the OMB reviewer, Jefferson B. Hill, (202) 395-7340.

The NRC Clearance Officer is R. Stephen Scott, (301) 492-8585.

Dated at Bethesda, Maryland, this 24th day of October 1986.

For the Nuclear Regulatory Commission.

Patricia G. Norry,

Director, Office of Administration.

[FR Doc. 86-24608 Filed 10-29-86; 8:45 am]

BILLING CODE 7590-01-M

[Dockets Nos. 50-269, 50-270 and 50-287]

Duke Power Co.; Environmental Assessment and Finding of No Significant Impact

The U.S. Nuclear Regulatory Commission (the Commission or staff) is considering approval of the design and operation of a low-level radioactive waste incinerator by Duke Power Company (the licensee) for the Oconee Nuclear Station, Units 1, 2 and 3, located in Oconee County, South Carolina.

Environmental Assessment

Identification of the Proposed Action

The proposed action by the Commission would approve the design and operation of a low-level radioactive waste incinerator at the Oconee Nuclear Station, Units 1, 2 and 3. The proposed action is in accordance with the licensee's June 10, 1985 letter, as supplemented on October 9, December 13, 1985, May 9, August 18 and September 11, 1986.

In their June 10, 1985 letter to the Commission, the licensee, in accordance with 10 CFR Part 20, § 20.305, requested pursuant to 10 CFR Part 20, § 20.302, specific approval to operate a low-level radioactive waste incinerator at the Oconee Nuclear Station.

10 CFR Part 20, § 20.305, provides that no licensee shall treat or dispose of licensed material by incineration except as specifically approved by the Commission pursuant to § 20.302. 10 CFR Part 20, § 20.302, provides that any licensee may apply to the Commission for approval of proposed procedures to dispose of licensed material in a manner not otherwise authorized by the regulations. The proposed action is the issuance of the requested approval to

incinerate low-level radioactive waste in the Volume Reduction Subsystem (VRS) at the Oconee Nuclear Station. The incinerator is a major integral component of the fluid bed incinerator/fluid bed dryer VRS. In their submittal, the licensee referred to the Aerojet Energy Conversion Company (AECC) Topical Report No. AECC-3-P(NP) for a detailed description of the VRS to be used at Oconee.

Need for the Proposed Action

The primary purpose of the incinerator, and the VRS, is to reduce the volume of certain low-level radioactive wastes before shipment offsite for licensed disposal. This is consistent with the NRC policy published in the **Federal Register** on October 16, 1981 (Vol. 46, No. 200, pp. 51100-51101). The policy statement encourages the use of volume reduction techniques to conserve existing burial space and to decrease radioactive waste shipments. Operation of the incinerator also eliminates problems caused by restrictions on the disposal of mixed waste which contains non-radiological hazards and radioactive materials.

Environmental Impacts of the Proposed Action

The environmental impact (both adverse and beneficial effects) of plant operation without operation of the VRS was estimated in the "Final Environmental Statement Related to Operation of Oconee Nuclear Station, Units 1, 2 and 3," U.S. Atomic Energy Commission, March 1972, issued before commercial operation of the plant. The environmental impact of the no action alternative (base case of operation without the VRS) would be as stated in the above Final Environmental Statement (FES), except as updated by data obtained during operation of the plant.

The change in environmental impact from the operation of the Station with the VRS compared to the environmental impact of Station operation without use of the VRS is caused by the following:

(1) The change in worker radiation exposure;

(2) The lesser volume of the waste transported to and disposed of at the licensed burial grounds; and

(3) The larger quantities of radioactive and non-radioactive materials discharged in airborne effluents to the environment.

The volume reduction of low-level wastes will result in higher concentrations of radioactivity and higher radiation levels in the packaged product. To compensate for this, the radwaste building and equipment design minimizes personnel interaction with equipment and vessels that will contain the solid waste product. Consequently, radiation exposures for personnel performing the processing, packaging and disposal functions are not expected to increase over base case levels.

Since the volume of solid waste requiring offsite disposal will decrease, the number of shipments will decrease. Even though the solid waste will contain higher concentrations of radioactive materials, the exposure rate should not be significantly changed since all shipments must meet the U.S. Department of Transportation limits for radiation levels. Therefore, the decrease in the shipments with the operation of the VRS reduces the radiation dose to the general population from the transport of waste to the licensed burial grounds for disposal.

The annual quantity of each radionuclide requiring off-site disposal is expected to be essentially the same for operation with the VRS as with the base case. The main difference with operation of the VRS will be the higher concentration of the radionuclides in a smaller volume. In the base case and with the VRS operation, the solid product will be packaged so that the minimum requirements and stability requirements of 10 CFR Part 61 are met and are appropriate to the classification of the waste as determined by the concentration of radionuclides in accordance with 10 CFR Part 61. The environmental impact of the base case, in compliance with 10 CFR Part 61, is expected to involve a small population dose relative to background. Likewise, in the case of the disposal of the solid waste product from the operation of the VRS, in compliance with 10 CFR Part 61, the environmental impact is expected to involve a small population dose relative to background. Therefore, the impact of VRS operation on population doses from the disposal is expected to be insignificant.

The use of the VRS will only be allowed under operating conditions which will limit releases of radioactive materials to the environment. These releases will be controlled by Technical Specification limits on the release of radioative materials in gaseous and liquid effluents from the station. There are estimated to be no significant increases in the releases of radioactive materials in liquid effluents from the operation of the VRS.

There will be an increase in the radioactive materials discharged in gaseous effluents from the operation of the VRS. The staff estimates that the annual external dose from gaseous effluents to any individual in unrestricted areas will be negligible; and that the annual doses from radioactive iodine and radioactive material in particulate form to the total body (critical organ) and thyroid of the maximally exposed individual in unrestricted areas will be 12.4 millirem (mrem, mr) and 8.2 mrem, respectively, caused by airborne effluents from operation of the VRS. Based on this, the FES, and data obtained during operation of the station, it is calculated that for all airborne releases from operation of the Oconee Nuclear Station with the VRS, the annual dose from radioactive iodine and radioactive material in particulate form will be 12.4 mrem to the total body and 12.7 mrem to the thyroid (critical organ) of the maximally exposed individual in unrestricted areas. These annual dose estimates are less than the ALARA guidelines for design objectives set forth in Appendix I to 10 CFR Part 50 (45 mrem for the three reactor Oconee Nuclear Station). The calculated annual doses are also less than the standards of 40 CFR Part 190 (25 mrem to the whole body, 75 mrem to the thyroid, and 25 mrem to any other organ). The annual total body dose to the population within 50 miles of the Oconee Nuclear Station from the exposure to radioactive material in effluents from the VRS is estimated by the staff to be 18 person-rems to the total body (critical organ) and 1 person-rem to the thyroid. Based on this and the FES, the population dose from all radioactive releases from the Oconee Nuclear Station is calculated to be 28 person-rems. It was determined by a cost-benefit analysis that additional radwaste systems, and equipment would not, for a favorable cost-benefit ratio, reduce the calculated population doses from the operation of the VRS. The values of $1000 per total body person-rem and $1000 per total body person-thyroid-rem were used in this cost-benefit analysis. The estimated annual dose to the maximally exposed individual and the estimated annual population dose are small fractions of the annual dose from natural background radiation (144 mrems for the general areas of the site and 73,000 person-rems within 50 miles of the station, respectively). Consequently, the radiological releases from the station including those from the proposed use of the VRS will be so small that the staff concludes that there are no significant radiological impacts associated with the use of the VRS.

With regard to potential non-radiological impacts, the licensee submitted information on the potential non-radiological emissions from the VRS. The emissions are based on the

results of numerous stack tests performed on the incinerator burning different types and amounts of the materials which would be potentially burned. The resulting emissions will be far less than the 250 tons per year for any U.S. Environmental Protection Agency (EPA) criteria pollutant. These emissions are also below those specified by the EPA and the State of South Carolina requirements for a Prevention of Significant Deterioration (PSD) permit. The South Carolina Department of Health and Environmental Control concurs with this conclusion. Therefore, the staff concludes that there are no significant non-radiological impacts associated with the VRS use.

Alternatives to the Proposed Action

Various types of low-level radioactive waste incinerators and other volume reduction technologies are described and evaluated in some detail in the NRC report "Volume Reduction Techniques in Low-Level Radioactive Waste Management," NUREG/CR-2206, dated September 1981. The above report addresses pretreatment, compaction, and combusion of general trash, and also discusses numerous types of combustion technologies, flocculation, filtration, centrifugation, ion exchange, membrane separation, and evaporation technologies for wet wastes. The AECC fluid bed incinerator/fluid bed dryer was among the alternatives addressed. Also addressed were multiple-purpose technologies which combine volume reduction with solidification, e.g., bituminization systems.

The various available volume reduction technologies applicable to wet waste streams were determined by the licensee to promise similar advantages for processing these streams, and incinerators were determined to have the advantage of reducing the volume of various organic waste liquids as well as for dry active wastes (trash). The product from the fluid bed incinerator/fluid bed dryer system was determined to result in the most homogeneous and easily mixed material. Because of the product characteristics and waste stream flexibility, the fluid bed systems seemed the most likely to meet regulatory requirements.

The licensee has the option of a no action alternative, and rather than using the VRS, they may send the radioactive waste to a low-level waste burial ground without processing with the VRS. The environmental impact of the no action alternative is discussed in the section "Environmental Impacts of the Proposed Action." Since, as noted in that section, the proposed action would not result in significant environmental impacts, choice of the no action alternative would not result in significantly lower environmental impacts, but would preclude achieving the economic and public policy objectives of volume reduction.

The licensee determined that the flexibility of accepting a relatively wide range of feed streams enables the incineration of oils, decontamination wastes and certain laboratory wastes which would otherwise be difficult to dispose of because of restrictions on mixed wastes. The licensee also stated that in addition to representing a commitment to the philosophy of minimizing the environmental impact of nuclear power by reducing station waste volumes, the volume reduction system gives some control over the external impact on economics by controlling waste volumes.

Alternative Use of Resources

The principal action involving use of resources not previously considered in connection with the Final Environmental Statement for operation of Oconee Nuclear Station, Units 1, 2 and 3, is a minor change in land use. As further noted above, the change also involves a minor addition to the operational radiological monitoring and recordkeeping program during plant operation.

Agencies and Persons Consulted

The U.S. Environmental Protection Agency, Division of Radiation Programs, and the State of South Carolina, Department of Health and Environmental Control were consulted by the Commission.

Finding of No Significant Impact

The Commission has determined not to prepare an environmental impact statement for the proposed action. Based upon this environmental assessment, the Commission concludes that the proposed action will not have a significant effect on the quality of the human environment.

For further details with respect to this action, refer to the licensee's letters dated June 10, October 9, December 13, 1985 and May 9 and August 18 and September 11, 1986. These letters are available for public inspection at the Commission's Public Document Room, 1717 H Street, NW., Washington, DC, and the Oconee County Library, 501 West Southbroad Street, Walhalla, South Carolina.

Dated at Bethesda, Maryland, this 24th day of October 1986.

For the Nuclear Regulatory Commission.

John F. Stolz,

Director, PWR Project Directorate #6, Division of PWR Licensing-B.

[FR Doc. 86-24609 Filed 10-29-86; 8:45 am]

BILLING CODE 7590-01-M

[Docket Nos. 50-443-OL-1 and 50-444-OL-1]

Public Service Co. of New Hampshire, et al., (Seabrook Station, Units 1 and 2); (On-Site Emergency Planning and Safety Issues)

Oral Argument

Notice is hereby given that, in accordance with the Appeal Board's order of October 27, 1986, oral argument on the Massachusetts Attorney General's appeal will be heard at 10:00 a.m. on October 31, 1986, in the NRC Public Hearing Room, Fifth Floor, East-West Towers Building, 4350 East-West Highway, Bethesda, Maryland.

Dated: October 27, 1986.

For The Appeal Board.

C. Jean Shoemaker,

Secretary of the Appeal Board.

[FR Doc. 86-24724 Filed 10-29-86; 8:45 am]

BILLING CODE 7590-01-M

PENSION BENEFIT GUARANTY CORPORATION

Pendency of Request for Exemption From Sale-Contract Requirement Relating to Sale of Assets by an Employer That Contributes to a Multiemployer Plan; Knickerbocker Liquors Corporation and Peerless Importers, Inc.

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Notice of pendency of request.

SUMMARY: This notice advises interested persons that the Pension Benefit Guaranty Corporation has received a request from Knickerbocker Liquors Corporation for an exemption from the sale-contract requirement of section 4204(a)(1)(C) of the Employee Retirement Income Security Act of 1974, as amended. Section 4204(a)(1) provides that the sale of assets by an employer that contributes to a multiemployer pension plan will not constitute a complete or partial withdrawal from the plan if certain conditions are met. One of these conditions is that the contract of sale provide that if the purchaser withdraws from the plan within the first five plan years after the sale and does not pay its withdrawal liability, the

seller will be secondarily liable for the withdrawal liability it (the seller) would have had. The PBGC is authorized to grant exemptions from these requirements. Prior to granting an exemption, the PBGC is required to give interested persons an opportunity to comment on the exemption request. The purpose of this notice is to advise interested persons of this exemption request and to solicit their views on it.

DATE: Comments must be submitted on or before December 1, 1986.

ADDRESSES: All written comments should be addressed to Director, Corporate Policy and Regulations Department (35100), Pension Benefit Guaranty Corporation, 2020 K Street, NW., Washington DC 20006. The request for exemption and the comments received will be available for public inspection at the PBGC Communications and Public Affairs Department, Suite 7100, at the above address, between the hours of 9:00 a.m. and 4:00 p.m.

FOR FURTHER INFORMATION CONTACT: Steven Rothenberg, Attorney, Corporate Policy and Regulations Department (35100), Pension Benefit Guaranty Corporation, 2020 K Street, NW., Washington, DC 20006, (202) 778–8850 (202–778–8859 for TTY and TDD). (These are not toll-free numbers.)

SUPPLEMENTARY INFORMATION:

Background

Section 4204 of the Employee Retirement Income Security Act of 1974, as amended by the Multiemployer Pension Plan Amendments Act of 1980, (ERISA), 29 U.S.C. 1384, provides that a bona fide arm's-length sale of assets of a contributing employer to an unrelated party will not be considered a withdrawal if three conditions are met. These conditions, enumerated in section 4204(a)(1) (A)–(C), are that—

(A) The purchaser has an obligation to contribute to the plan with respect to the operations purchased for substantially the same number of contribution base units for which the seller was obligated to contribute;

(B) The purchaser obtains a bond or places an amount in escrow, for a period of five plan years after the sale, in an amount equal to the greater of the seller's average required annual contribution to the plan for the three plan years preceding the year in which the sale occurred or the seller's required annual contribution for the plan year preceding the year in which the sale occurred (the amount of the bond or escrow is doubled if the plan is in reorganization in the year in which the sale occurred); and

(C) the contract of sale provides that if the purchaser withdraws from the plan within the first five plan years beginning after the sale and fails to pay any of its liability to the plan, the seller shall be secondarily liable for the liability it (the seller) would have had but for section 4204.

The bond or escrow described above would be paid to the plan if the purchaser withdraws from the plan or fails to make any required contributions to the plan within the first five plan years beginning after the sale.

Additionally, section 4204(b)(1) provides that if a sale of assets is covered by section 4204, the purchaser assumes by operation of law the contribution record of the seller for the plan year in which the sale occurred and the proceding four plan years.

Section 4204(c) of ERISA authorizes the Pension Benefit Guaranty Corporation ("PBGC") to grant individual or class variances or exemptions from the purchaser's bond/escrow requirement to section 4204(a)(1)(B) and the sale-contract requirement of section 4204(a)(1)(C) when warranted. The legislative history of section 4204 indicates a Congressional intent that the sales rules be administered in a manner that assures protection of the plan with the least practicable intrusion into normal business transactions. The granting of an exemption or variance from the requirements of section 4204(a)(1) (B) or (C) does not constitute a finding by the PBGC that a particular transaction satisfies the other requirements of section 4204(a)(1).

Under the PBGC's regulation on variances for sales of assets (29 CFR Part 2643) the PBGC shall approve a request for a variance or exemption if it determines that approval of the request is warranted, in that it—

(1) Would more effectively or equitably carry out the purposes of Title IV of the Act; and

(2) Would not significantly increase the risk of financial loss to the plan.

Section 4204(c) of ERISA and § 2643.3(b) of the regulation require the PBGC to publish a notice of the pendency of a request for a variance or exemption in the **Federal Register**, and to provide interested parties with an opportunity to comment on the proposed variance or exemption.

The Request

The PBGC has received a request from Knickerbocker Liquors Corporation (Knickerbocker) for an exemption from the requirement of section 4204(a)(1)(C) as it applies to Knickerbocker's sale of its assets to Peerless Importers, Inc. In the information submitted in support of the request, Knickerbocker represents, among other things, that:

1. On October 31, 1985, Knickerbocker sold substantially all of its assets to Peerless Importers, Inc. (Peerless), an unrelated party.

2. As a result of the sale, on October 31, 1985, Knickerbocker ceased to have an obligation to contribute to the Liquor Salesman's Union Local 2 Pension Fund (the "Fund").

3. Peerless has assumed the obligation to contribute to the Fund with respect to the purchased operations for substantially the same number of contribution base units for which Knickerbocker had an obligation to contribute to the plan.

4. Peerless has agree to provide to the Fund a bond that satisfies the requirements of section 4204(a)(1)(B) if this exemption is granted.

5. Although the contract does not provide that the seller is secondarily liable if Peerless fails to pay withdrawal liabilty it incurs, Knickerbocker, its president and parent corporation have entered an agreement with the Fund under which they will be secondarily liable for the withdrawal liability Knickerbocker would have owed to the Fund should Peerless withdraw from the Fund and fail to pay its withdrawal liability within five plan years after the date of sale.

6. Knickerbocker's estimated withdrawal liability to the Fund is $607,473.00.

7. A complete copy of the request was sent to the Fund and the collective bargaining representative of the seller's employees by certified mail, return receipt requested.

Comments

All interested persons are invited to submit written comments on the pending exemption request to the above address, on or before December 1, 1986. All comments will be made a part of the record. Comments received, as well as the relevant non-confidential information submitted in support of the application for exemption, will be available for public inspection at the address set forth above.

Issued at Washington, DC, on this 28th day of October, 1986.

Kathleen P. Utgoff,

Executive Director, Pension Benefit Guaranty Corporation.

[FR Doc. 86–24595 Filed 10–29–86; 8:45 am]

BILLING CODE 7708–01–M

PRESIDENT'S ECONOMIC POLICY ADVISORY BOARD

Meeting

November 20, 1986.

The President's Economic Policy Advisory Board will meet on November 20, 1986, at the White House, Washington, DC from 9:00 a.m. to 1:00 p.m. The purpose of this meeting is to review and discuss:

Economic Outlook for 1987
Federal Budget: Reform Potential
National Accounts Restructuring Criteria
Agricultural Economy

"All agenda items concern matters listed in section 552(b) of Title 5, United States Code, specifically sub-paragraphs (1), (4), (8) and (9) thereof, and will be closed to the public."

For further information, please contact the Office of Policy Development, the White House, at (202) 456–6515.

Charles D. Hobbs,

Acting Assistant to the President for Policy Development.

[FR Doc. 86–24669 Filed 10–29–86; 8:45am]

BILLING CODE 3115–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–23730; File No. SR–NASD–86–30]

Self-Regulatory Organizations; Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to the Reporting of Aggregate Short Positions in NASDAQ Securities

Pursuant to section 19(b) of the Securities Exchange Act of 1934, 15 U.S.C. 78(b)(1), notice is hereby given that on October 14, 1986, the National Association of Securities Dealers, Inc. filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Proposed Article III, section 41 of the NASD's Rules of Fair Practice will require NASD members to maintain a record of aggregate "short" positions in NASDAQ securities in all customer and proprietary firms accounts and to report such information to the NASD on a monthly basis. Reports shall be made as of the close on the settlement date falling on the 15th of each month, or, where the 15th is a non-settlement date, on the preceding settlement date. Reports shall be received by the Corporation no later than the second business day after the reporting settlement date.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item IV, below. The self-regulatory organization has prepared summaries, set forth in sections (A), (B) and (C), below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

At its November 1985 meeting, the NASD's Board of Governors called for an extensive study of short sale activity in the over-the-counter market to serve as a basis for further policy decisions regarding the possible need for additional regulation of short sale practices. To obtain data for the study, the Board, pursuant to the provisions of Article XII of the NASD By-Laws, adopted proposed Article III, section 41 of the NASD Rules of Fair Practice, requiring NASD members to report aggregate "short" positions in NASDAQ securities in all customer and proprietary firm accounts on a monthly basis. The rule was adopted for a period of six months and was subsequently extended for an additional six-month period.

At its July 1986 meeting, the Board reviewed the short sale study and adopted several of the study's recommendations. Two of the recommendations adopted were that the requirement to report monthly short interest positions be made permanent and that data on aggregate short interest positions be made publicly available. The Board stated that a permanent reporting requirement will substantially improve the NASD's ability to surveil short selling practices in the over-the-counter market. In addition, the Board concluded that, by making data on aggregate short positions available to the financial press, the NASD will help assure that participants in the marketplace have more complete information on which to base their trading and investment decisions.

The proposed rule is consistent with section 15A(b)(6) of the Securities Exchange Act of 1934, which provides that the rules of a registered securities association shall be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest.

B. Self-Regulatory Organization's Statement on Burden on Competition

The NASD does not anticipate that the proposed rule will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Comments were neither solicited nor received.

III. Date of Effectiveness of Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

A. By order approve such proposed rule change, or

B. Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submissions, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 522 will be availble for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC

20549. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by November 20, 1986.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority, 200.30-3(a)(12).

Dated: October 20, 1986.

Jonathan G. Katz,

Secretary.

[FR Doc. 86-24564 Filed 10-29-86; 8:45 am]

BILLING CODE 8010-01-M

Release No. 34-23741; File Nos. SR-NYSE-86-29, SR-Amex-86-26]

Self-Regulatory Organizations; New York Stock Exchange, Inc.; American Stock Exchange, Inc.; Order Granting Accelerated Approval to Proposed Rule Changes

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on September 15 and 26, respectively, the New York ("NYSE") and American ("Amex") Stock Exchanges, filed with the Securities and Exchange Commission the proposed rule changes as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organizations. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons.

I. Self-Regulatory Organizations' Statement of the Terms of Substance of the Proposed Rule Changes

The NYSE and Amex propose to extend the index options escrow receipt pilot program set forth in SR-NYSE-84-35 and SR-Amex-84-33, to February 20, 1987.

II. Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In their filing with the Commission, the self-regulatory organizations included statements concerning the purpose of an basis for the proposed rule changes and discussed any comments they received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organizations have prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

A. Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In August 1985, the NYSE and the Amex, in conjunction with the other options exchanges, adopted a one-year pilot program to permit the use of cash, cash equivalents, one or more qualified securities, or a combination of the foregoing, as collateral for escrow receipts issued to cover short call positions in broad-based stock index options.[1]

When the SEC approved the pilot program, the Chicago Board Options Exchange, Inc. ("CBOE") on behalf of the other exchanges and the Options Clearing Corporation ("OCC"), agreed to monitor the use of index option escrow receipts during the pilot program. The CBOE agreed to collect data, on both a quarterly and monthly basis, for all users of index options escrow receipts and submit this data to the Commission for its review and assessment of the pilot program.

Due to delays in the start-up of the one year pilot program for the use of different forms of collateral for broad-based stock index option escrow receipts, the program has thus far only been effective for nine months rather than the one year originally intended. Extension of the pilot program for an additional six months, until February 20, 1987, will enable market participants to use the forms of escrow recepits for a period of time sufficient to provide data adequate to assess the efficacy of the forms, and will allow the inclusion of such data in the report to be provided to the Commission on the pilot program.[2]

The proposed changes are consistent with the requirements of the Securities Exchange Act of 1934 ("1934 Act") and the rules and regulations thereunder applicable to the exchanges by extending the index option escrow receipt pilot program, thereby reducing operational difficulties of banks and trust companies. Therefore, the proposed rule changes are consistent with section 6(b)(5) of the 1934 Act, which provides in pertinent part, that the rules of national securities exchanges be designed to promote just and equitable principles of trade and to protect the investing public.

[1] See File Nos. SR-NYSE-84-35, and Amendment No. 1 thereto, SR-Amex-84-33 and Securities Exchange Act Release No. 22323 approving the filings for details of the pilot program.

[2] See Securities Exchange Act Release No. 22323 at note 19.

B. Self-Regulatory Organizations' Statement of Burden on Competition

The exchanges believe that the proposed rule changes will not impose a burden on competition.

C. Self-Regulatory Organizations' Statement on Comments on the Proposed Rule Changes Received from Members, Participants, or Others

No Written comments were either solicited or received by the NYSE or the Amex.

III. Date of Effectiveness of the Proposed Rule Changes and Timing for Commission Action

The exchanges request that the proposed rule changes be given accelerated effectiveness pursuant to section 19(b)(2) of the 1934 Act. The exchanges believe that such accelerated effectiveness is necessary and appropriate to ensure uninterrupted continuation of the pilot program for the use of different forms of collateral for broad-based stock index option escrow receipts.

The Commission finds that the proposed rule changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to national securities exchanges, and in particular, the requirements of section 6 and the rules and regulations thereunder.

The Commission finds good cause for approving the proposed rule changes prior to the thirtieth day after the date of publication of notice of filing thereof because the Commission recently has approved an identical proposal filed by the CBOE to extend its broad-based stock index option escrow receipt pilot to February 20, 1987.[3] Extending the pilot for the NYSE and Amex will enable the Commission to evaluate more fully the success of the index option escrow receipt pilot. The exchanges state that, to date, use of escrow receipts has been minimal and an extension may provide further data with which the Commission may assess the effectiveness of the program and the appropriateness of permanent approval.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Copies of the

[3] See Securities Exchange Act Release No. 23552 (August 25, 1986), 51 FR 31183 (September 2, 1986).

submission, all subsequent amendments, all written statements with respect to the proposed rule changes that are filed with the Commission, and all written communications relating to the proposed rule changes between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street NW., Washington, DC. Copies of such filings will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organizations. All submissions should refer to the file number in the caption above and should be submitted by November 20, 1986.

Dated: October 22, 1986.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

[FR Doc. 86-24565 Filed 10-29-86; 8:45 am]

BILLING CODE 8010-01-M

Self-Regulatory Organizations; Applications for Unlisted Trading Privileges and of Opportunity for Hearing; Philadelphia Stock Exchange, Incorporated

October 24, 1986.

The above named national securities exchange has filed applications with the Securities and Exchange Commission pursuant to section 12(f)(1)(B) of the Securities Exchange Act of 1934 and Rule 12f-1 thereunder, for unlisted trading privileges in the following securities:

Chemical Waste Management, Inc.
Common Stock, $.01 Par Value (File No. 7-9311)

JWP, Inc.
Shares of Common Stock, $.01 Par Value (File No. 7-9312)

These securities are listed and registered on one or more other national securities exchange and are reported in the consolidated transaction reporting system.

Interested persons are invited to submit on or before November 17, 1986, written data, views and arguments concerning the above-referenced application. Persons desiring to make written comments should file three copies therefore with the Secertary of the Securities and Exchange Commission, Washington, DC 20549. Following this opportunity for hearing, the Commission will approve the application if it finds, based upon all the information available to it, that the extensions of unlisted trading privileges pursuant to such applications are consistent with the maintenance of fair and orderly markets and the protection of investors.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

[FR Doc. 86-24568 Filed 10-29-86; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-23745; File No. SR-PSDTC-86-09]

Self-Regulatory Organizations; Pacific Securities Depository Trust Co. Filing and Immediate Effectiveness of Proposed Rule Change

Pacific Securities Depository Trust Company ("PSDTC"), on October 10, 1986, submitted a proposed rule change to the Commission under section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"). The Commission is publishing this notice to solicit comments on the rule change.

In File No. SR-PSDTC-86-08 submitted September 8, 1986 to the Commission, the proposed rule change mentions extended cutoffs for original delivery orders and reclaims only. Both services are currently being offered by PSDTC at an earlier cutoff.

The proposed rule change, as amended, includes standardized interdepository cutoffs for other additional services. While PSDTC will not be able to fully implement these additional services until early 1987, the national cutoff times are hereby included in the proposed rule change to be consistent with all other proposed rule changes filed by other depositories.

• *Extension of Delivery Hours*—Cutoffs for original valued delivery orders will be extended from 8:00 am PST to 8:30 am PST and interface reclaims from 9:30 am PST to 10:45 am PST.

Cutoffs for original free interface deliveries, stock loans, stock loan returns, and syndicate deliveries will be 10:15 am PST. Recycles cutoff will be 10:30 am PST.

PSDTC states that the proposed rule change is intended to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transitions.

The rule change has become effective, pursuant to section 19(b)(3)(A) of the Act. The Commission may summarily abrogate the rule change at any time within 60 days of filing if it appears to the Commission that abrogation is necessary or appropriate in the public interest, for protection of investors, or otherwise in furtherance of the purposes of the Act.

You may submit written comments within 21 days after this Notice is published in the **Federal Register**. Please refer to File No. SR-PSDTC-86-09, and file six copies of your comments with the Secretary of the Commission, 450 Fifth St., NW., Washington, DC 20549. Material on the rule change, other than material that may be withheld from the public under 5 U.S.C. 552, is available for inspection at the Commission's Public Reference Room and at the principal offices of PSDTC.

Dated: October 23, 1986.

For the Commission, by the Division of Market Regulation pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

[FR Doc. 86-24566 Filed 10-29-86; 8:45 am]

BILLING CODE 8010-01-M

[Release No. 34-23742; File No. SR-PSDTC-86-07]

Self-Regulatory Organizations; Proposed Rule Change by Pacific Securities Depository Trust Company Relating to its Discontinuation of T+4 Affirmation; Filing

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on September 9, 1986, the Pacific Securities Depository Trust Company ("PSDTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Pacific Securities Depository Trust Company ("PSDTC") is proposing to discontinue T+4 affirmation of Pacific-to-Pacific National Institutional Delivery System ("NIDS") trades that proceed to automatic bookentry settlement. These trades will be considered late affirmations and must

be settled through the Pacific Participant Terminal System ("PPTS") sameday delivery or other methods.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Currently, PSDTC accepts institutional trades affirmed as late as T+4 for automatic settlement as long as both settling parties are PSDTC participants. This practice allows PSDTC participants an extra day to affirm and settle trades. In cases where a trade is affirmed in error on T+4, the settling parties discover the error only after the trade has gone to automatic settlement (T+5). Resolving such erroneous trades is time-consuming. Also, in instances where a broker is unsure that a trade will be affirmed on T+4 and has trades where segregation of customer securities may be involved, the broker will be forced to segregate positions needlessly because of uncertainty as to whether the trade will be affirmed on time. The proposed rule change would standardize trade affirmation on T+3 with other depositories. It is, therefore, consistent with section 17A(b) (3)(F) of the Securities Exchange Act of 1934 ("Act") in that it furthers the objectives of the Act with respect to promoting the prompt and accurate clearance and settlement of securities transactions.

(B) Self-Regulatory Organization's Statement on Burden on Competition

PSDTC perceives no burden on competition by reason of the proposed rule change.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Comments on the proposed rule change were solicited from several User Group meetings, from PSDTC participants, and from the Advisory Committee of PSDTC. While there was no complete consensus, most firms supported the elimination of T+4 affirmation for automatic settlement purposes.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the File No. SR-PSDTC-86-07 and should be submitted by November 20, 1986.

Dated: October 22, 1986.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

[FR Doc. 86-4567 Filed 10-29-86; 8:45 am]

BILLING CODE 8010-01-M

[Release No. IC-15364; (812-6419)]

First Boston Mortgage Securities Corp.; Exemptive Application

October 23, 1986.

Notice is hereby given that First Boston Mortgage Securities Corp. ("Applicant"), 4911 InterFirst Two, Dallas, Texas 75270, filed an application on June 26, 1986, and an amendment thereto on October 14, 1986, for a Commission order, pursuant to section 6(c) of the Investment Company Act of 1940 ("Act"), exempting it and certain trusts from all provisions of the Act. All interested persons are referred to the application on file with the Commission for a statement of the representations contained therein, which are summarized below, and to the Act for the relevant provisions thereof.

Applicant states that it is a Delaware corporation organized in December 1985, and that it is wholly-owned by First Boston Securities Corporation, which in turn is wholly-owned by First Boston Securities Corporation, which in turn is wholly-owned by First Boston, Inc., a holding company. First Boston, Inc., primarily through another wholly-owned subsidiary, the First Boston Corporation, a broker-dealer in securities, provides a full range of investment banking and related financial services. Applicant further states that it is a limited purpose finance corporation organized to facilitate the financing of long-term residential mortgages on one-to-four family and multi-family residences through the issuance of one or more series of bonds secured by such mortgages and that it will not engage in any business or investment activities unrelated to such purpose.

According to the application, Applicant intends to create one or more trusts ("Trusts"), each of which will issue one or more series ("Series") of collateralized mortgage obligations ("Bonds") pursuant to an Indenture ("Indenture") between a Trust and a commercial bank acting as trustee for the bond-holders ("Bond Trustee"). Applicant states that each Indenture will be subject to the provisions of the Trust Indenture Act of 1939 or appropriately exempt therefrom. Each Trust will be created pursuant to an agreement ("Trust Agreement") between Applicant, acting as depositor, and a bank, trust company or other fiduciary (expected to be Wilmington Trust Company) acting as owner trustee ("Owner Trustee"). Applicant contemplates that the Owner Trustee will enter into a bond administration agreement with respect to each Trust

whereby First Boston Asset Management Corporation ("Bond Administrator"), an affiliate of Applicant, will provide certain management services in connection with the issuance of the Bonds.

Applicant states that the Bonds will be directly secured by fully modified pass-through mortgage-backed certificates fully guaranteed as to principal and interest by the Government National Mortgage Corporation ("GNMA Certificates"), Mortgage Participation Certificates issued by the Federal Home Loan Mortgage Corporation ("FHLMC Certificates"), Guaranteed Mortgage Pass-Through Certificates issued by the Federal National Mortgage Association ("FNMA Certificates"), (GNMA Certificates, FHLMC Certificates and FNMA Certificates collectively, "Mortgage Certificates"), and reinvestment earnings and distributions on such Mortgage Certificates. In addition to the Mortgage Certificates directly securing the Bonds, a Series may have additional collateral which may include certain collection accounts and reserve funds as specified in the related Indenture.

Applicant represents that for each Series of Bonds: (a) Payments on the mortgage loans underlying the Mortgage Certificates securing the Bonds will be the primary source of funds for payments of principal and interest due to such Bonds; (b) the Bonds will be secured by collateral consisting primarily of Mortgage Certificates initially having an aggregate outstanding principal balance at least equal to the outstanding principal balance of such Bonds; (c) scheduled available principal and interest payments on the Mortgage Certificates securing the Bonds (together with any required payments from any reserve funds with respect to the Bonds) plus income received thereon at the assumed reinvestment rate will be sufficient to make the interest payments on and amortize the principal of such Bonds by their stated maturities; and (d) the Mortgage certificates will be pledged in their entirety by each Trust to the Bond Trustee and will be subject to the lien of the related Indenture.

Applicant expressly agrees to the following conditions with respect to the requested order:

(1) Each Series of Bonds will be requested under the Securities Act of 1933 ("1933 Act"), unless offered in a transaction exempt from registration pursuant to Section 4(a) of that act.

(2) The Bonds will be "mortgage related securities" within the meaning of Section 3(a)(41) of the Securities Exchange Act of 1934, and the collateral directly securing the Bonds will be limited to GNMA Certificates, FNMA Certificates or FHLMC Certificates.

(3) If new mortgage collateral is substituted, the substitute collateral must: (i) be of equal or better quality than the collateral replaced; (ii) have similar payment terms and cash flow as the collateral replaced; (iii) be insured or guaranteed to the same extent as the collateral replaced; and (iv) meet the conditions set forth in paragraphs (2) and (4) herein. In addition, new collateral may not be substituted for more than 40% of the aggregate face amount of the Mortgage Certificates initially pledged as mortgage collateral. In no event may any new mortgage collateral be substituted for any substitute mortgage collateral.

(4) All Mortgage Certificates, funds, accounts or other collateral securing a Series of Bonds ("Bond Collateral") will be held by the Bond Trustee or on behalf of the Bond Trustee by an independent custodian. The custodian will not be an affiliate (as that term is defined in Rule 405 under the 1933 Act) of Applicant. The Bond Trustee will be provided with a first priority perfected security or lien interest in and to all Bond Collateral.

(5) Each Series of Bonds will be rated in one of the two highest bond rating categories by at least one nationally recognized statistical rating agency that is not affiliated with Applicant. The Bonds will not be considered "redeemable securities" within the meaning of Section 2(a)(32) of the Act.

(6) No less often than annually, an independent public accountant will audit the books and records of each Trust and will report on whether the anticipated payments of principal and interest on the mortgage collateral continue to be adequate to pay the principal of and interest on the Bonds in accordance with their terms. Upon completion, copies of the auditor's report(s) will be provided to the Bond Trustee.

In addition to the issuance and sale of the Bonds, Applicant intends to sell some or all of the beneficial interest ("Equity Certificates") in each Trust to one or more banks, savings and loan associations, pension funds, insurance companies or other institutions which customarily engage in the purchase of mortgages or other mortgage collateral ("Eligible Institutions") in transactions not constituting a public offering under section 4(2) of the 1933 Act. Applicant represents that purchasers of Equity Certificates ("Owners") will agree to be bound by the terms of the applicable Trust Agreement. Initially, Applicant does not intend to sell Equity Certificates to more than twenty-five Eligible Institutions. Moreover, Applicant also represents that each Eligible Institution will be required to represent that it is purchasing the Equity Certificates for investment purposes, and that the Trust Agreement relating to each Trust will further prohibit the transfer of any Equity Certificates if there would be more than one hundred beneficial Owners at any time. Applicant also represents that the Owner Trustee will not purchase any Equity Certificates but will function as a legal stakeholder for the assets of the Trust.

Applicant submits that neither the Owners nor the Bond Trustee will be able to impair the security afforded by the Mortage Certificates to the holders of the Bonds ("Bondholders") because without the consent of each affected Bondholder, neither the Owners nor the Bond Trustee will be able to: (1) Change the stated maturity on any Bond; (2) reduce the principal amount, or the rate of interest on any Bond; (3) change the priority of repayment on any class of any Series of Bonds; (4) impair or adversely affect the Mortgage Certificates securing a Series of Bonds; (5) permit the creation of a lien ranking prior to or on parity with the lien of the related Indenture with respect to the Mortgage Certificates; or (6) otherwise deprive the Bondholders of the security afforded by the lien of the related Indenture. Applicant also submits that the sale of Equity Certificates will not alter the payment of cash flows under any Indenture, including the amounts to be deposited in the collection account or any reserve fund created pursuant to an Indenture to support payments of principal and interest on the Bonds. Further, Applicant represents that none of the Owners will be affiliated with the Bond Trustee and that no holders of a controlling (as that term is defined in Rule 405 under the 1933 Act) equity interest in the Trust will be affiliated with either the custodian of the Bond Collateral or the statistical rating agency rating the Bonds.

Applicant states that the interests of the Bondholders will not be comprised or impaired by the ability of Applicant to sell beneficial interests in each Trust, and that there will not be a conflict of interest between the Bondholders and Owners as: (a) The Bond Collateral that will be deposited in each Trust will not be speculative in nature; (b) the Bonds will be issued only if an independent nationally recognized statistical rating agency has rated such Bonds in one of the two highest rating categories; (c) the relevant Indenture subjects the Bond Collateral, all income distributions thereon and all proceeds from a conversion, voluntary or involuntary, of any such collateral to a first priority perfected security interest in the name of the Bond Trustee on behalf of the Bondholders;[1] and (d) the Owners are

[1] The Indenture further specifically provides that no amounts may be released from the lien of the Indenture to be remitted to the Trust (and any

Continued

entitled to receive current distributions representing the residual payments on the collateral from each Trust in accordance with the terms of the applicable Trust Agreement, which distributions are analgous to dividends payable to a shareholder of a corporate issuer of collateralized mortgage obligations. Further, the Owners are liable for the expenses, taxes and other liabilities of the Trust (other than the principal and interest on the Bonds and the fees of the Bond Administrator) to the extent not previously paid from the trust estate.

Applicant submits that the choice of the form of issuer of the Bonds and the identity of the owners of the equity interests in such issuer, would not alter the payments to be made to Bondholders. Applicant states that the aggregate interests of the Owners in the Bond Collateral and the expected returns earned by them will be far less than the payments made to Bondholders. According to Applicant, pricing efficiencies mandate that the Bond Collateral does not substantially exceed the amount of such collateral which is required to be pledged in order to satisfy the standards of the rating organization that is rating the Bonds. Thus, Applicant asserts that the excess cash flow from the collateral which is available to Owners always will be far less than the cash flow from the collateral that is used to make principal and interest payments to Bondholders. Applicant further asserts that except for the limited right to substitute Bond Collateral, it will not be possible for the Owners to alter the collateral initially deposited into a Trust, and, in no event will such right to substitute Bond Collateral result in a diminution in the value or quality of such collateral. Therefore, although substituted Bond Collateral may have a different prepayment experience than the original collateral, the interests of the Bondholders will not be impaired because: (a) The prepayment experience of any collateral will be determined by market conditions beyond the control of the Owners, which market conditions are likely to affect all mortgage certificates of similar payment terms and maturities in a similar fashion; (b) the interests of the Owners are not likely to be greatly different from those of the Bondholders with respect to collateral prepayment experience; and (c) to the extent that the Owners may cause the substitution of collateral which has a different prepayment experience than the original collateral, this situation is no different for the Bondholders than the traditional collateralized mortgage obligation structure where bonds are issued by an entity that is a wholly-owned subsidiary.

Further, to alleviate any potential conflict of interest between the Bondholders and the Owners, Applicant agrees that its representations regarding the Equity Certificates may be made express conditions to the requested order.

Applicant submits that the requested order is appropriate in the public interest because: (1) Applicant is not the type of entity to which the provisions of the Act were intended to apply; (2) Applicant may be unable to proceed with its proposed business if the uncertainties concerning the applicability of the Act are not removed; (3) Applicant's proposed business is intended to serve a recognized and critical public need; and (4) granting of the requested order will be consistent with the protection of investors because they will be protected during the offering and sale of the Bonds by the registration or exemption provisions of the 1933 Act and thereafter by the Bond Trustee representing their interests under the Indenture.

Notice is further given that any interested person wishing to request a hearing on the application may, not later than November 4, 1986, at 5:30 p.m., do so by submitting a written request setting forth the nature of his interest, the reasons for his request, and the specific issues, if any, of fact or law that are disputed, to the Secretary, Securities and Exchange Commission, Washington, DC 20549. A copy of the request should be served personally or by mail upon Applicant at the address stated above. Proof of service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed with the request. After said date, an order disposing of the application will be issued unless the Commission orders a hearing upon request or upon its own motion.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

[FR Doc. 86-24569 Filed 10-29-86; 8:45 am]

BILLING CODE 8010-01-M

Owner thereof) until (i) the Bond Trustee has made the scheduled payment of principal and interest on the Bonds, (ii) the Bond Trustee has received all fees currently owed to it, (iii) the firm of independent accountants has received all fees owned to it for services rendered under the Indenture, and (iv) to the extent required by any supplemental indentures executed in connection with the issuance of the Bonds, deposits have been made to certain reserve funds which will ultimately be used to make payments of principal and interest on the Bonds. Under the Trust Agreement, the Owner Trustee is obligated to collect all amounts released from the lien of the Indenture by the Bond Trustee for the Bonds, to pay all expenses of the Trust, including its own fees, and to remit the balance to the Owners on a pro rata basis. Once amounts have been released from the lien of the Indenture, each Trust Agreement provides that the Owner Trustee has a lien superior to that of the Owners to the remaining cash flow.

[Release No. IC-15365; File No. 812-6459]

Prudential-Bache Government Plus Fund II, Inc. and Prudential-Bache Securities Inc.; Application for an Order Permitting a Contingent Deferred Sales Load

October 23, 1986.

Notice is hereby given that Prudential-Bache Government Plus Fund II, Inc. ("Fund") and Prudential-Bache Securities Inc. ("Prudential-Bache"), One Seaport Plaza, New York, New York 10292 (collectively, the "Applicants"), filed an application on August 15, 1986 and an amendment thereto on October 9, 1986, for an order, pursuant to section 6(c) of the Investment Company Act of 1940 ("Act"), exempting the Fund from the provisions of sections 2(a)(32), 2(a)(35), 22(c) and 22(d) of the Act and Rule 22c-1 thereunder, to the extent necessary to permit the Fund to assess a contingent deferred sales load ("CDSL") on redemptions of its shares, and to permit the Fund to waive and reduce the CDSL under the circumstances described below. All interested persons are referred to the application on file with the Commission for a statement of the representations contained therein, which are summarized below, and to the Act and the rules thereunder for the text of the applicable provisions.

Applicants state that the Fund is registered under the Act as an open-end, diversified management investment company whose shares will be offered to the public through Prudential-Bache, its distributor and administrator. The investment adviser of the Fund is The Prudential Insurance Company of America. In addition, Prudential-Bache hereby applies for the exemptive relief described above with respect to any other existing or future open-end registered investment company which Prudential-Bache serves as the primary distributor, the shares of which are issued and sold on a basis similar to that of the Fund.

Applicants propose that the Fund offer its shares with an initial sales charge of three percent in the case of investments of $1,000,000 or less, which

will be reduced for larger purchase orders. Applicants also propose to impose a CDSL of two percent of the aggregate gross purchase payments attributable to shares of the Fund ("Purchase Payments") redeemed within one year after purchase, and one percent of Purchase Payments for redemptions within the second year after purchase. For example, an investor makes an initial purchase of Fund shares with a net payment of $10,000 in January of year one, and that by the time the investor redeems the shares, the value of the investor's shares has increased to $12,000. If the investor redeems up to $2,000, no CDSL will be imposed. If, however, the investor redeems $3,000 in November of year one, and such redemption is not made following the death or disability of the investor or is not a distribution from an IRA or other tax-deferred retirement plan of the type described herein, a CDSL of two percent will be imposed on $1,000. If the investor redeems in February of year two, a CDSL of one percent will be imposed. Applicant represents that in no event will the total of the maximum initial sales charge and CDSL exceed the limitation on such charges imposed by the National Association of Securities Dealers, Inc.

The Fund further proposes to pay for certain of its distribution expenses pursuant to a plan of distribution adopted pursuant to Rule 12b–1 under the Act ("Plan"). Under the Plan, the Fund would reimburse its distributor, Prudential-Bache, for certain expenses incurred by Prudential-Bache in connection with the offering of the Fund's shares, up to one percent per annum of the Fund's average daily net assets. The Fund's distribution fee would be accrued daily and paid monthly or at such other intervals as the Trustees of the Fund shall determine. Applicants represent that to the extent that Prudential-Bache receives amounts in respect of the initial sales charge and CDSL, the amount otherwise payable to Prudential-Bache under the Plan would be reduced. Applicants state that Prudential-Bache will also receive the proceeds of all CDSLs imposed upon redemptions of Fund shares.

Applicants propose that the CDSL be waived with respect to the following redemptions of the Fund's shares: (i) Redemptions following the death or disability (as defined in section 72(m)(7) of the Internal Revenue Code) of an investor, (ii) redemptions in connection with certain distributions from IRAs or other tax-deferred retirement plans, as described in the application, or (iii) redemptions of shares owned by the Bache Group, Inc. Voluntary Employee Retirement Savings Account Plan pursuant to an earlier exemptive order granted to Prudential-Bache (Investment Company Act Rel. No. 14687, August 21, 1985). Applicants also propose to reduce the CDSL for an investor whose aggregate purchases exceed a specified dollar amount of shares of the Fund. For example, if, immediately after a purchase of shares by an investor, the aggregate Purchase Payments for all Fund shares in the investor's account are between $1,000,000 and $2,500,000, the investor will be entitled to redeem all of his or her shares at a reduced rate of one percent for redemptions within the first one year, .50 percent for redemptions within the second year following purchase. For investors who own shares for which the aggregate Purchase Payments exceed $2,500,000, the CDSLs will be .50 percent and .25 percent for redemptions within one year and two years, respectively. Applicants represent that, in accordance with Rule 22d–1 under the Act, the Fund, Prudential-Bache and dealers in shares of the Fund will apply the proposed waiver and reduction of the CDSL uniformly to all offerees in the classes of investors or transactions specified. Applicants further represent that the Fund will also furnish to existing and prospective investors adequate information concerning the waiver and reduction, as prescribed by the applicable registration forms.

Applicants assert that the imposition of the CDSL is fair and is in the best interests of the investors of the Fund. Applicants further assert that waiver, or reduction of, the CDSL under the circumstances described herein will not harm the Fund or its remaining investors of unfairly discriminate among investors or purchasers.

Notice is further given that any interested person wishing to request a hearing on the application may, not later than November 17, 1986, at 5:30 p.m., do so by submitting a written request setting forth the nature of his or her interest, the reasons for his or her request, and the specific issues, if any, of fact or law that are disputed, to the Secretary, Securities and Exchange Commission, Washington, DC 20549. A copy of the request should be served personally or by mail upon Applicants at the address stated above. Proof of service (by affidavit or, in the case of an attorney-at-law, by certificate) shall be filed with the request. After said date, an order disposing of the application will be issued unless the Commission orders a hearing upon request or upon its own motion.

Jonathan G. Katz,

Secretary.

[FR Doc. 86–24570 Filed 10–29–86; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 35–24221]

Filings Under the Public Utility Holding Company Act of 1935 ("Act")

October 23, 1986.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by November 17, 1986, to the Secretary, Securities and Exchange Commission, Washington, DC 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the addresses specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Eastern Utilities Associates (70–7287)

Eastern Utilities Associates ("EUA"), P.O. Box 2333, Boston, Massachusetts 02107, a registered holding company, has filed an application-declaration pursuant to sections 6(a), 7, 9(a), 10, 12(c), 12(f), and 13 of the Act and Rules 42, 45, 87, 90, and 91 promulgated thereunder.

EUA proposes to acquire all of the issued and outstanding capital stock of Citizens Heat and Power Corporation ("CHPC"), a Massachusetts corporation which provides energy management services to institutional customers. The purchase price of the stock is $950,000, subject to possible adjustments. EUA

states that the acquisition of CHPC should serve the goals of conservation and load management and also provide EUA with an additional opportunity for profitable employment of its resources.

EUA also requests authority to make capital contributions and/or short-term loans to CHPC in an aggregate amount not to exceed $7,000,000 and for CHPC to effect short-term borrowings from lending institutions in an aggregate amount not to exceed $7,000,000. The interest rate on the borrowings from EUA and the lending institutions will not be greater than the commercial base rate at the First National Bank of Boston. EUA further requests that CHPC be authorized to use part of the proceeds of the proposed financing to refund all or a portion of existing project financing obtained from third-party investors. Finally, it is proposed that CHPC enter into a service contract with EUA Service Corporation.

Southern Electric Generating Company (70–7289)

Southern Electric Generating Company ("SEGCO"), 600 North 18th Street, Birmingham, Alabama 35203, an electric generating subsidiary of Alabama Power Company and of Georgia Power Company, each of which owns 50 percent of SEGCO's outstanding common stock and is, in turn, a wholly owned subsidiary of The Sourthern Company, a registered holding company, has filed an application with this Commission pursuant to section 6(b) of the Act.

SEGCO proposes to issue notes to banks or other lenders, from time to time on or prior to December 31, 1988, in a maximum aggregate principal amount at any one time outstanding of up to $45 million. The notes will be dated as of the date of such borrowings and will mature in not more than 5 years after the date of issue.

Arkansas Power and Light Company (70–7305)

Arkansas Power and Light Company ("Arkansas"), First Commercial Building, Little Rock, Arkansas 72201, an electric utility subsidiary company of Middle South Utilities, Inc., a registered holding company, has filed with this Commission an application pursuant to sections 9(a) and 10 of the Act.

Arkansas is currently leasing nuclear fuel, including facilities incident to its use ("Nuclear Fuel"), required for Unit No. 2 at its Arkansas Nuclear One Generating Station ("ANO") from Ozark Fuel Corporation ("Fuel Company"), (HCAR No. 22272, November 13, 1981). Under the current terms of the leasing arrangement between Arkansas and Fuel Company ("Lease"), Fuel Company is committed ("Commitment") to make certain payments for Nuclear Fuel up to a maximum amount of $74 million at any one time outstanding, financed by a Credit Agreement ("Credit Agreement") between Fuel Company and Swiss Bank Corporation, New York Branch ("Bank"), the term of which is currently scheduled to expire on December 1, 1986. The term of the Lease is through September 1, 1988, and on each succeeding September 1, the two year remainder of the term will automatically be extended for one year, without notice of termination from either party, until final termination on September 1, 2018.

Arkansas has determined that the maximum Commitment of Fuel Company under the Lease provides an insufficient portion of the total cost of Nuclear Fuel for Unit No. 2 of ANO. Fuel Company, however, has advised Arkansas that it is willing to amend the Credit Agreement with the Bank, to provide for an increase in the Commitment to $85 million, and an extension of the term of the Credit Agreement through December 1, 1987, which may be extended annually for one-year periods through June 1, 2015. Fuel Company will pay the Bank commitment and service fees.

Western Massachusetts Electric Company (70–7307)

Western Massachusetts Electric Company ("WMECO"), 174 Brush Hill Avenue, Springfield Massachusetts 01089, an electric utility subsidiary of Northeast Utilities, a registered holding company, has filed an application-declaration pursuant to sections 6(b), 9(a), 10, and 12(c) of the Act and Rules 42 and 50 promulgated thereunder.

WMECO proposes to issue and sell, in one or more series not later than Decemnber 31, 1987, up to $50 million (2,000,000) shares) of its _____% Class A Preferred Stock, 1986 Series (or 1987 Series if sold in 1987), with a par value of $15 per share to underwriters. The dividend rate of the preferred stock, the price, exclusive of accrued dividends, to be paid to WMECO, and the underwriters' compensation will be determined by competitive bidding. The preferred stock may have an adjustable dividend rate and may be subject to sinking-fund provisions. It is stated that WMECO expects to use alternative competitive bidding procedures but may, by amendment, seek authorization for a negotiated offering. WMECO also proposes to redeem up to 135,000 shares of its 16% Preferred Stock, Series C, $100 par value, represented by 540,000 depository shares evidenced by depository receipts, at the redemption price of $112 per share of Preferred Stock ($28 per depository share) or a total price of $15,120,000. In addition, WMECO intends to redeem or purchase 15,000 more shares of said 16% Preferred Stock, at par, by means of a cash sinking fund. The net proceeds from the issue and sale of the new preferred stock will be used to redeem or purchase the outstanding WMECO 16% Preferred Stock, for general working-capital purposes, for construction-program financing, and to repay, in part, short-term borrowings.

Kentucky Power Company (70–7308)

Kentucky Power Company ("Kentucky"), 1701 Central Avenue, P.O. Box 1428, Ashland, Kentucky 41101, an electric utility subsidiary of American Electric Power Company, Inc., a registerd holding company, has filed with the Commission a declaration pursuant to sections 6(a) and 7 of the Act.

Kentucky seeks authorization to issue up to $35 million principal amount of unsecured, fixed-rate notes to banks or other financial institutions, from time-to-time, through December 31, 1986, pursuant to a fixed-rate, term loan agreement ("Term Loan Agreement"). The fixed-rate notes will mature on a date not less than two nor more than ten years from the date of issurance. No compensating balances or commitment fees will be required. Each such note will bear interest on the unpaid principal amount at a fixed-rate of interest not greater than 12% per annum.

The Columbia Gas System, Inc. (70–7309)

The Columbia Gas System, Inc. ("Columbia"), 20 Montchanin Road, Wilmington, Delaware 19807, a registered holding company, has filed an application-declaration pursuant to sections 9(a), 10, 12(c) of the Act and Rule 42 thereunder.

Columbia proposes to acquire, for cash through a tender offer, $50 million principal amount of its 153/8% Debentures, Series Due June 1997, of which $100 million in aggregate principal amount are outstanding. The price at which the tender offer will be made is to be determined shortly before the tender offer commences. Columbia intends to retain a dealer-manager to act as its agent for the tender offer.

Allegheny Power System, Inc. (70–7310)

Allegheny Power System, Inc. ("APS"), 320 Park Avenue, New York, New York 10022, a registered holding company, has filed a declaration with

the Commission pursuant to sections 6(a) and 7 of the Act.

APS proposes to issue from time to time not more than 3 million shares of its authorized and unissued common stock, par value $2.50 per share ("Additional Common Stock") pursuant to its Dividend Reinvestment and Stock Purchase Plan ("Dividend Plan") and its Employee Stock Ownership and Savings Plan ("ESOSP"). In its orders dated August 5, 1977, April 29, 1980, June 23, 1983, and June 19, 1984, (HCAR Nos. 20131, 21542, 22985 and 23333) the Commission authorized the issuance by APS of an aggregate of 6,000,000 shares under these plans, of which 4,542,192 and 1,200,635 shares have been issued pursuant to the Dividend Plan and the ESOSP, respectively, as of September 30, 1986, the last date on which shares were issued under either of these plans. As of October 1, 1986 APS is authorized to issue 55,000,000 shares of its common stock, of which 50,735,058 shares are outstanding.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jonathan G. Katz,

Secretary.

[FR Doc. 86-24571 Filed 10-29-86; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Loan Area #2260]

Kansas; Declaration of Disaster Area

As a result of the President's major disaster declaration on October 22, 1986, I find that Allen, Bourbon, Chautaugua, Labette, Montgomery, Neosho and Wilson Counties in the State of Kansas constitute a disaster loan area because of severe storms and flooding occurring on October 2-4, 1986. Eligible persons, firms, and organizations may file applications for physical damage until the close of business on December 22, 1986, and for economic damage until the close of business on December 22, 1986, and for economic injury until the close of business on July 22, 1987, at: Disaster Area 3 Office, Small Business Administration, 2306 Oak Lane, Suite 110, Grand Prairie, Texas 75051, or other locally announced locations.

The interest rates are:

	Percent
Homeowners with credit available elsewhere	8.000
Homeowners without credit available elsewhere	4.000
Businesses with credit available elsewhere	7.500
Businesses without credit available elsewhere	4.000
Businesses (EIDL) without credit available elsewhere	4.000
Other (non-profit organizations including charitable and religious organizations)	10.500

The number assigned to this disaster is 226006 for physical damage and for economic injury the number is 646100.

(Catalog of Federal Domestic Assistance Programs Nos. 59002 and 59008)

Dated: October 24, 1986.

Win Allred,

Acting Deputy Associate Administrator for Disaster Assistance.

[FR Doc. 86-24576 Filed 10-29-86; 8:45 am]

BILLING CODE 8025-01-M

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Petition Under Section 301 by the Rice Millers' Association; Decision Not To Initiate an Investivation

AGENCY: Office of the United States Trade Representative.

ACTION: Notice.

SUMMARY: The United States Trade Representative has determined not to initiate an investigation at this time under section 301 of the Trade Act of 1974 (19 U.S.C. 2411) with respect to the petition filed September 10, 1986, by the Rice Millers' Association. However, if Japan has not responded in a forthcoming manner by mid-1987 to the concerns discussed below, we will promptly re-examine the rice issue.

EFFECTIVE DATE: October 23, 1986.

DISCUSSION: On September 10, 1986, the Rice Millers' Association filed a petition with this Office under section 301 of the Trade Act of 1974 (19 U.S.C. 2411), for relief from the effect of Japanese market barriers to U.S. rice exports. In response to this peition, I have dedcided not to initiate an investigation under section 301 at this time. Instead, I have decided to pursue the negotiating strategy below, for the following reasons.

The negotiating strategy the United States will pursue involves the commitments made by all members of the General Agreement on Tariffs and Trade at Punta del Este, Uruguay, when they agreed to launch a new round of multilateral trade negotiations, called the Uruguay Round. These commitments included obligations to roll back trade measures inconsistent with the GATT and to liberalize market access, including trade in agriculture.

At the conclusion of this meeting all the participants, including Japan, agreed to a Ministerial Declaration that set the negotiating parameters for the Uruguay Round. Among the provisions were two that are relevant to the Section 301 petition on rice for they provide obligatory responsibilities on the Government of Japan. The first, relating to *agricultural negotiations*, states that:

> Negotiations shall aim to achieve greater liberalization of trade in agriculture . . . by . . . improving market access through . . the reduction of import barriers . . . .

The second, related to *rollback commitments* by the participating nations, states:

> . . all trade restrictive or distorting measures inconsistent with the provisions of the General agreement . . . shall be phased out or brought into conformity within an agreed timeframe not later than . . . the formal completion of the negotiations.

If Japan's rice program is inconsistent with the GATT, as we think it is, then the rollback commitment applies. Whether it be consistent or inconsistent, the agricultural commitment applies. Either way, Japan clearly has an obligation to place its rice program on the negotiating table in Geneva as the Uruguay Round gets underway.

At Punta del Este the United States argued vigorously for a comprehensive negotiation on agricultural issues, and that is clearly the spirit of the Ministerial Declaration. The intent is to achieve greater international discipline over *all* governmental programs which directly or indirectly subsidize exports or impede imports. The U.S. delegation stated that we were prepared to place all such programs on the negotiating table if other nations were prepared to do likewise. Many of those programs are politicaly sensitive—here, in Japan, and in other countries. But unless everyone is prepared to accept discipline in international trade, no one is likely to do so. The economic chaos that exists today will be further exacerbated, in rice as well as in many other products.

Japan need not fear for its food security, for all nations are entitled to secure the survival of their people. We believe, however, that Japan's present rice program provides trade distortive production levels far in excess of legitimate security needs. It is also tremendously costly for the Japanese consumer, who pays much more for rice than consumers of other nations. Sensible, reasonable adjustments that would make the rice program less trade distortive are, in our judgment, sound

and rational negotiating objectives, not only for the United States but for all rice-producing nations of the world, many of which are developing nations.

We are sympathetic to the concerns of the Rice Millers' Association, and convinced of the legitimacy of many of their grievances. Nevertheless, were we to accept the petition, we would be required by law to initiate a GATT dispute settlement case. This would be unlikely to precipitate market-opening changes in the Japanese rice program, which is the petitioner's objective.

The Government of Japan should be given a reasonable period of time to respond to our concerns and to the commitment and spirit of Punta del Este. We cannot set a precise deadline because that will depend on how quickly the Uruguay Round is organized, when agricultural negotiations begin, and how soon rollback implementation and surveillance are undertaken. We expect, however, to have a better understanding of all this by mid-1987. If Japan has not by then responded in a forthcoming manner, we will promptly re-examine this issue.

Clayton K. Yeutter,

United States Trade Representative.

[FR Doc. 86-24594 Filed 10-29-86; 8:45 am]

BILLING CODE 3190-01-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[AC No. 20.XX]

Advisory Circular—Cockpit Noise and Speech Interference Between Crewmembers

AGENCY: Federal Aviation Administration, DOT.

ACTION: Notice of availability of draft advisory circular and request for comments.

SUMMARY: The FAA proposes to issue an advisory circular (AC) No. 20.XX titled, "Cockpit Noise and Speech Interference Between Crewmembers." This advisory circular will offer guidance on noise measurement, speech interference levels, and remedies to manufacturers or operators who believe cockpit noise may be a problem on their aircraft.

DATES: Comments must be received on or before December 1, 1986.

ADDRESSES: Comments on the draft advisory circular may be mailed in duplicate to the Federal Aviation Administration, Office of Airworthiness, Aircraft Engineering Division, Attention: Policy and Procedures Branch, (AWS-110), 800 Independence Avenue, SW., Washington, DC 20591, or delivered in duplicate to Room 335, 800 independence Avenue, SW., Washington, DC 20591. Comments must be marked "file number AC 20.XX" and may be inspected in Room 335 between 8:30 a.m. and 5:00 p.m., Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Contact Mr. H.H. Van Wyen, Policy and Procedures Branch, Aircraft Engineering Division, Office of Airworthiness, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591, Telephone: (202) 426-8192. A copy of the proposed AC may be obtained by contacting Mr. Van Wyen.

Issued in Washington DC on October 7, 1986.

M.C. Beard,

Director of Airworthiness

[FR Doc. 86-24502 Filed 10-29-86; 8:45 am]

BILLING CODE 4910-13-M

Federal Highway Administration

Intent To Prepare Environmental Impact Statement; Williamsburg and Berkeley Counties, SC

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Notice of intent.

SUMMARY: The FHWA is issuing this notice to advise the public that an environmental impact statement will be prepared for proposed widening of an approximate 23-mile section of U.S. 52 in Williamsburg and Berkeley Counties, South Carolina.

FOR FURTHER INFORMATION CONTACT: Mr. William H. Rice, District Engineer, Federal Highway Administration, Suite 758, Strom Thurmond Federal Building, 1835 Assembly Street, Columbia, South Carolina, 29201, Telephone: (803) 253-3386.

SUPPLEMENTARY INFORMATION: The Federal Highway Administration in cooperation with the South Carolina Department of Highways and Public Transportation, will prepare an environmental impact statement on the proposed U.S. 52 project extending from the town of Kingstree in Williamsburg County southerly across the Black River and the Santee River terminating at the Santee River diversion canal just north of the town of St. Stephen in Berkeley County.

Alternatives to be considered in the EIS will include the "do nothing" alternative as well as several roadway and bridge design options, which could be utilized to provide for the multi-lane section.

A letter of intent inviting written comments and suggestions to ensure that all relevant issues are identified and addressed is being sent to appropriate Federal, State and local agencies, and to private organizations and interested citizens. A scoping meeting will be held at 10:30 a.m. on November 18, 1986 in the auditorium of the Williamsburg Technical College in Kingstree. The building is located near the intersection of S.C. 527 and S.C. 377 in the town of Kingstree.

Public information meetings and a public hearing will be conducted to further involve local citizens in the process. Public notice will be given of the time and place of the meetings and the hearing. Also, the EIS will be available for public and agency review and comment.

To ensure that the full range of relevant issues are addressed and identified, comments and suggestions are invited from all interested parties. Comments or questions concerning this proposed action and the supplemental EIS should be directed to the FHWA at the address provided above.

(Catalog of Federal Domestic Assistance Program Number 20.205, Highway Research, Planning and Construction. The regulations implementing Executive Order 12372 regarding intergovernmental consultation on Federal programs and activities apply to this program)

Issued on: October 23, 1986.

Arthur A. Fendrick,

Assistant Division Administrator, Columbia, South Carolina.

[FR Doc. 86-24512 Filed 10-29-86; 8:45 am]

BILLING CODE 4910-22-M

National Highway Traffic Safety Administration

Petitions for Exemptions From the Vehicle Theft Prevention Standard

AGENCY: National Highway Traffic Safety Administration (NHTSA), DOT.

ACTION: Grant of petition for exemption.

SUMMARY: This notice grants the petition by Mazda (North America), Inc., for an exemption from the marking requirements of the vehicle theft prevention standard for the Mazda 929 and RX-7 passenger car lines for model year 1988, pursuant to section 605 of the Motor Vehicle Information and Cost Savings Act. The agency has determined that the antitheft device which the petitioner intends to install on these lines as standard equipment is likely to be as effective in reducing and deterring motor vehicle theft as would compliance

with the parts marking requirements of the standard.

DATE: The exemption granted by this notice will become effective beginning with the 1988 model year.

SUPPLEMENTARY INFORMATION: On June 27, 1986, this agency received a petition from Mazda (North America), Inc., (Mazda) for an exemption from the parts marking requirments of the vehicle theft prevention standard (49 CFR Part 541), pursuant to the requirements of 49 CFR Part 543, *Petitions for Exemption from the Vehicle Theft Prevention Standard.* On January 7, 1986 (51 FR 715), NHTSA had published a notice of proposed rulemaking for the procedures to be followed by manufacturers in preparing and submitting petitions for model year 1988 and thereafter. These proposed procedures were identical to those adopted in the interim final rule (January 7, 1986, 51 FR 706) establishing the Part 543 requirements to be followed by manufacturers in preparing and submitting petitions for exemption during model year 1987. Section 605 of Title VI requires manufacturers to submit petitions not later than eight months before commencement of production of the vehicle line or lines for which exemption is sought. Mazda submitted its petition before publication of the final rule for the 1988 and subsequent model years.

In its petition, Mazda requested an exemption for the Mazda 929 and RX–7 passenger car lines. The agency reviewed the material submitted by Mazda and concluded that Mazda met the requirements for petitions in Part 543.5, as of June 27, the date on which the Mazda petition was received by the agency. Accordingly, the 120-day period for processing Mazda's petition began on that date since, as provided by § 543.7, the processing of a petition begins when the petition is complete.

In its petition, Mazda described an antitheft device which is activated by removing the key from the ignition, and locking the driver's door without using the key, after ensuring that the other vehicle doors are locked. These steps activate the starter interrupt function and also arm audible and visual alarms. The alarms are triggered by sensors in the doors, engine hood, and trunk or rear hatch.

The agency has determined, based on substantial evidence, that installation of Mazda's device in the Mazda 929 and RX–7 lines is likely to be as effective as these lines' compliance with the parts marking requirements of Part 541 in reducing and deterring vehicle theft. This determination is based on the information submitted by Mazda with its petition and on other available information. The agency believes that the device will provide the types of performance listed in § 543.6(a)(2), i.e., promote activation, attract attention to unauthorized entries, prevent defeating or circumventing of the device by unauthorized persons, prevent operation of the vehicle by unauthorized entrants, and ensure the reliability and durability of the device.

As required by section 605(b) of the statute and § 543.6(b), the agency also finds that Mazda has provided adequate reasons for its belief that the antitheft device will reduce and deter theft. This conclusion is based on the information provided by Mazda on its device. The agency notes also that the methods of encouraging activation and preventing defeat in the Mazda antitheft device are similar to the methods in other devices which the agency has considered effective. Mazda stated in its petition that it believes that its antitheft device will reduce and deter theft to at least the same extent as compliance with Part 541.

As an aside, the agency notes that the limited and apparently conflicting data on the effectiveness of the pre-standard parts marking programs make it difficult at this early stage of the theft standard's implementation to compare the effectiveness of an antitheft device with the effectiveness of compliance with the theft prevention standard. The statute clearly requires such a comparison, which the agency has made on the basis of the limited data available.

NHTSA notes that if Mazda wishes in the future to modify the device on which this exemption is based, the company may have to submit a petition to modify the exemption. Section 543.7(c) provides that an exemption granted under Part 543 applies only to vehicles which are equipped with the antitheft device on which the exemption of the lines including those vehicles was based. Further, § 543.9(b)(2) provides for the submission of petitions "(t)o modify an exemption to permit the use of an antitheft device similar to but differing from the one specified in that exemption."

The agency wishes to minimize the administrative burden which § 543.9(b)(2) could place on exempted vehicle manufacturers and itself. The agency did not intend in drafting Part 543 to require the submission of a modification petition for every change in the components or design of an antitheft device. The significance of many such changes could be *de minimis*. Therefore, NHTSA suggests that if Mazda contemplates making any changes whose effect might be so characterized, it consult with the agency before undertaking to prepare and submit a modification petition.

(15 U.S.C. 2025, delegation of authority at 49 CFR 1.50)

Issued on: October 24, 1986.

Erika Z. Jones,

Acting Administrator.

[FR Doc. 86–24550 Filed 10–29–86; 8:45 am]

BILLING CODE 4910–60–M

DEPARTMENT OF THE TREASURY

Committee for the Preservation of the Treasury Building; Meeting

Correction

In FR Doc. 86–24286, appearing on page 38001, in the issue of Monday, October 27, 1986, make the following correction:

In the third column, first line, the contact person's name should read "Sylvia J. Bosak".

BILLING CODE 1505–01–M

UNITED STATES INFORMATION AGENCY

Reporting and Recordkeeping Requirement Under OMB Review

AGENCY: United States Information Agency.

ACTION: Notice of reporting requirement submitted for OMB review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed or established reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the Federal Register notifying the public that the agency has made such a submission. USIA is requesting approval of its information collection on a standardized program report.

DATE: Comments must be received by November 21, 1986.

COPIES: Copies of the request for clearance (S.F. 83), supporting statement, instructions, transmittal letter and other documents submitted to OMB for review may be obtained from the USIA Desk Officer. Comments on the item listed should be submitted to the Office of Information and Regulatory Affairs of OMB. Attention: Desk Officer for USIA.

FOR FURTHER INFORMATION CONTACT: Agency Clearance Officer: John Davenport, United States Information Agency, M/ASP, 301 4th Street, SW.,

Washington, DC 20547. Telephone (202) 485–7505, and OMB Reviewer: Bruce McConnell, Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC, 20503. Telephone (202) 395–7231.

SUPPLEMENTARY INFORMATION: *Title:* Foreign Residence Data. *Form Number:* IAP–10. *Abstract:* The form is intended to supplement other security investigation forms used in processing security clearences for prospective employees. It is used for the purpose of allowing investigators to contact people in the United States who have knowledge of a candidate's overseas residence and/or employment. By making contacts domestically, USIA can save both time and money that might otherwise be needed in conducting an overseas investigation.

Charles N. Canestro,

Management Analyst, Federal Register Liaison.

[FR Doc. 86–24510 Filed 10–29–86; 8:45 am]

BILLING CODE 8230–01–M

Sunshine Act Meetings

Federal Register
Vol. 51, No. 210
Thursday, October 30, 1986

This section of the FEDERAL REGISTER contains notices of meetings published under the "Government in the Sunshine Act" (Pub. L. 94-409) 5 U.S.C. 552b(e)(3).

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FEDERAL ELECTION COMMISSION

DATE AND TIME: Tuesday, November 4, 1986, 10:00 a.m.

PLACE: 999 E Street, NW., Washington, DC.

STATUS: This meeting will be closed to the public.

ITEMS TO BE DISCUSSED:

Compliance matters pursuant to 2 U.S.C. 437g.
Audits conducted pursuant to 2 U.S.C. 437g, 438(b), and Title 26, U.S.C.
Matters concerning participation in civil actions or proceedings or arbitration
Internal personnel rules and procedures or matters affecting a particular employee

* * * * *

DATE AND TIME: Thursday, November 6, 1986, 10:00 a.m.

PLACE: 999 E Street, NW., Washington, DC (Ninth Floor).

STATUS: This meeting will be open to the public.

MATTERS TO BE DISCUSSED:

Setting of dates of future meetings
Correction and approval of minutes
Draft advisory opinion 1986-35 (Reconsideration), Marshall Hurley on behalf of Coble for Congress, Again
Draft Advisory Opinion 1986-37: J. Curtis Herge on behalf of National Conservative Foundation
Routine Administrative Matters

PERSON TO CONTACT FOR INFORMATION: Mr. Fred Eiland, Information Officer, 202-376-3155.

Marjorie W. Emmons,
Secretary of the Commission.

[FR Doc. 86-24626 Filed 10-28-86; 10:26 am]
BILLING CODE 6715-01-M

2

NATIONAL TRANSPORTATION SAFETY BOARD .

"FEDERAL REGISTER" CITATION OF PREVIOUS ANNOUNCEMENT: 51 FR 37540, October 22, 1986

PREVIOUSLY ANNOUNCED TIME AND DATE OF MEETING: 9 a.m., Tuesday, October 28, 1986.

CHANGE IN MEETING: A majority of the Board Members determined by recorded vote that the business of the Board required revising the agenda of this meeting and that no earlier announcement was possible. The following item was deleted from the agenda:

1. *Aircraft Accident* Report: Simmons Airlines, Flight 1746, Alpena, Michigan, March 13, 1986.

CONTACT PERSON FOR MORE INFORMATION: H. Ray Smith (202) 382-6525.

H. Ray Smith,
Federal Register Liaison Officer.
October 24, 1986.

[FR Doc. 86-24618 Filed 10-28-86; 9:59 am]
BILLING CODE 7533-01-M

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Thursday, October 30, 1986

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H.R. 2826/Pub. L. 99-530

To amend the Wild and Scenic Rivers Act by designating a segment of the Horsepasture River in the State of North Carolina as a component of the National Wild and Scenic Rivers System. (Oct. 27, 1986; 1 page) Price: $1.00

S. 2370/Pub. L. 99-531

To authorize the Francis Scott Key Park Foundation, Inc. to erect a memorial in the District of Columbia. (Oct. 27, 1986; 2 pages) Price: $1.00

S.J. Res. 308/Pub. L. 99-532

To designate March 25, 1987, as "Greek Independence Day: A National Day of Celebration of Greek and American Democracy." (Oct. 27, 1986; 1 page) Price: $1.00

S.J. Res. 232/Pub. L. 99-533

To designate October 6, 1986, through October 10, 1986, as "National Social Studies Week." (Oct. 27, 1986; 1 page) Price: $1.00

S.J. Res. 322/Pub. L. 99-534

To designate December 7, 1986, as "National Pearl Harbor Remembrance Day" on the occasion of the anniversary of the attack on Pearl Harbor. (Oct. 27, 1986; 1 page) Price: $1.00

S.J. Res. 339/Pub. L. 99-535

To designate the week of November 30, 1986, through December 6, 1986, as "National Home Care Week." (Oct. 27, 1986; 1 page) Price: $1.00

S.J. Res. 352/Pub. L. 99-536

To designate the week beginning October 19, 1986, as "Gaucher's Disease Awareness Week." (Oct. 27, 1986; 1 page) Price: $1.00

S.J. Res. 407/Pub. L. 99-537

Designating November 12, 1986, as "Salute to School Volunteers Day." (Oct. 27, 1986; 2 pages) Price: $1.00

S.J. Res. 410/Pub. L. 99-538

To designate the period commencing February 9, 1987, and ending February 15, 1987, as "National Burn Awareness Week." (Oct. 27, 1986; 1 page) Price: $1.00

S.J. Res. 414/Pub. L. 99-539

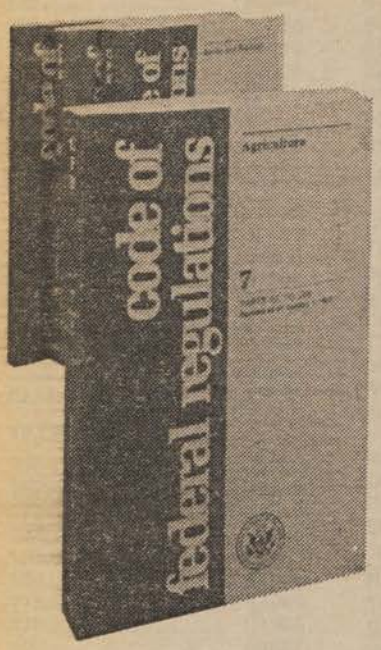
To designate March 16, 1987, as "Freedom of Information Day." (Oct. 27, 1986; 1 page) Price: $1.00

S.J. Res. 418/Pub. L. 99-540

To designate February 4, 1987, as "National Women in Sports Day." (Oct. 27, 1986; 2 pages) Price: $1.00

S.J. Res. 422/Pub. L. 99-541

Commemorating the 100th anniversary of the birth of the first Prime Minister of the State of Israel, David Ben-Gurion. (Oct. 27, 1986; 2 pages) Price: $1.00



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